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WORLD NEWS

Jobs at risk in Ordnance cutbacks

Royal Ordnance, the munitions company British Aerospace bought from state ownership last year, is shutting its Patricroft, explosives factory in Manchester and stopping production at Bishopton near Glasgow, putting 2,300 jobs at risk.

Hundreds of workers walked out after the announcement and union leaders representing Royal Ordnance employees said members would black any production transferred from the two factories to other company plants. Page 24; Shell-shocked arms-maker fights to survive, Page 6

Textile plant to close

Eight hundred jobs will go when textile group Coats Viyella closes its contract knitwear factory at Mansfield, Nottinghamshire. Page 24

Keays granted injunction

Sara Keays, former mistress of Energy Secretary Cecil Parkinson, was granted a temporary High Court injunction banning publication of passages about her the autobiography of Tory Party chairman Norman Tebbit.

Rig safety move

Safety committees including elected workers' representatives could soon become compulsory on North Sea oil installations, Energy Secretary Cecil Parkinson indicated. Page 24

Piper Alpha delay

Bad weather delayed efforts to retrieve two accommodation sections from the wrecked Piper Alpha oil platform from the North Sea bed. The sections are thought to contain most of the 112 bodies missing after the July 6 tragedy.

'Waite set for release'

A pro-Syrian Lebanese magazine claims Church of England envoy Terry Waite and fellow hostages John Mccarthy and Brian Keenan are about to be freed.

Rapist jailed

Jordanian student Wael Kabariti was jailed for 12 years at the Old Bailey for raping a 14-year-old Durham girl who was lost in London. The girl ran from Kabariti's house to find help only to be raped again by two other men.

Legionnaire's tests

Five more workers from the British Aerospace factory near Bolton, Greater Manchester, were tested in hospital for Legionnaire's Disease. Two workers already have the disease and the factory has been closed.

Inquest after error

An inquest is to be held into the death of cancer victim Marjorie Brimblecombe of Bovey Tracey, Devon, one of 153 patients who received 25 per cent more than their prescribed dose of radiation at the Royal Devon and Exeter Hospital.

Curb on soccer louts

Magistrates should prevent convicted football hooligans wreaking havoc abroad by making them report to police or probation officers on days when international matches are being played, said Home Secretary Douglas Hurd.

Sellafield N-leak

Scientists at Sellafield nuclear reprocessing plant in Cumbria reported a leak of radioactivity. British Nuclear Fuels said there was no risk from the incident.

Zambian officers held

Six Zambian army officers and three civilians were detained for questioning about alleged subversion, the authorities in Lusaka said.

Tension in Algeria

At least 300 youths faced troops and police in the Algerian capital as forces sealed off the city centre and guarded the square where this week's rioting began. Page 2

BUSINESS SUMMARY

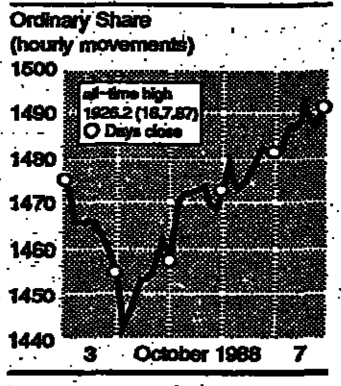
MCorp seeks federal help with finances

MCORP of Dallas, Texas-owned bank holding company with assets of $20bn (£12bn), admitted defeat in its fight for independence and asked for federal government help to rebuild finances battered by the state's real estate collapse. Page 24

FT ORDINARY Index ended the week with an 8.9 point rise to 1,490.4 as equities continued their improvement after the latest US employment data reinforced belief that interest rates may have peaked in the short term. Page 17

FT Index

Ordinary Share (hourly movements)



ROYAL INSURANCE, largest UK composite insurer, plans to bid $110m (£65m) for Maccabees Mutual Life of the US. Page 10

CHARLES BARKER, UK advertising, public relations and recruitment group, saw pre-tax interim profits slip 4 per cent to £2.15m as a result of spending cuts among leading clients. Page 10

INTEL, leading US microprocessor manufacturer, reported record third-quarter earnings of $143m (£84m), up 77 per cent from a year ago, on high demand from the personal computer industry. Page 12

US SHARE FRAUD: public prosecutors and senior police officials from 10 countries will meet in Washington next week to co-ordinate investigations into over-the-counter shares fraud. Page 24

LOTUS DEVELOPMENT saw its stock price drop $2.75 to $17 (£10) on news that the leading US software publisher has again delayed introduction of an upgraded program due before the end of the year. Page 12

SCOTTISH TELEVISION, independent television contractor for central Scotland, announced a 5 per cent dip in mid-year pre-tax profits to £2.5m, against the buoyant trend in the sector, after a fall in advertising and higher operating costs. Ulster Television profits rise. Page 10.

MINORCO: The South African-controlled investment group's £2.9bn hostile bid for Consolidated Gold Fields has prompted a monopolies inquiry in South Africa. Page 10; Gold Fields of South Africa restructures its Namibian interests, Page 12

YAMAICHI, one of Japan's four biggest stockbrokers, admitted that one of its young employees had defrauded a client of Y750m (£3m), in the second Tokyo securities scandal in a week. Page 12

WARTSILA, Finnish shipbuilding and engineering group, reported a loss of FM302m (£39m) after extraordinary items for the first eight months, from profit of FM47m, after losses by Wärtsilä Marine shipbuilding arm. Page 12

MEYER INTERNATIONAL, UK timber and builders' merchant, boosted its £215m takeover offer for Travis & Arnold, another builders' merchant, by allowing shareholders to take half of the offer price in the form of convertible preference shares. Page 10

UK GOVERNMENT has ruled out a Department of Trade and Industry inquiry into the management of Falcon Resources, troubled oil exploration company in which shares were suspended in 1985. Page 10

British Steel sell-off clouded by allegations of price fixing in EC

By William Dawkins in Brussels

THE European Commission yesterday warned British Steel and eight other EC stainless steel producers that they risk heavy fines unless they can disprove allegations that they formed an illicit cartel.

The Brussels executive's competition directorate posted letters of objection yesterday morning, outlining its allegations, to seven of the EC's biggest steel companies together with two in Sweden and Finland. These two companies could also face fines if found guilty of fixing prices in the Community against EC competition rules.

The companies have six weeks to respond.

The move casts a very unwelcome shadow over the privatisation of the UK state-owned producer, due towards the end of next month. It comes only days after the start of British Steel's pre-flotation marketing campaign.

Unlike other areas of competition law, the Commission is not obliged to consult member states before levying fines for abuses in steel. Its powers are set out in Article 65 of the EC coal and steel treaty, which allows fines of up to 10 per cent of annual turnover, rising to 20 per cent of daily turnover if companies subsequently refuse to pay.

British Steel had sales of £4.1bn last year. EC officials said it was unlikely than it would actually be charged the full £400m that would apply if it got the maximum penalty. If fined, the sum would probably be a percentage of the company's stainless steel sales rather than calculated on overall turnover.

Initial calculations last night indicated that stainless steel sales were about 10 per cent of British Steel's total turnover. This indicates that any fine could be closer to £40m and it could be less because the Commission has tended to shy away from levying maximum fines against steel companies caught infringing EC rules. British Steel made a profit last year of £401m.

This is an embarrassing event for a company which has forcefully argued for a free EC steel market in public and which is the first privatisation by the British Government since last year's difficult BP flotation. British Steel declined to comment yesterday on the development.

The investigation followed complaints by consumers. According to Meps, a UK steel consultancy, British stainless steel prices have rise by 50 per cent during the past two years and 35 per cent over the past 12 months.

Other companies due to receive the Commission's letter are Thyssen and Krupp of West Germany, Acerinox of Spain, Terni Speciali of Italy, Belgium's ALZ, Ugine of France, Outokumpu of Finland and Avesta of Sweden.

The letter from the competition directorate is the outcome of a Commission inquiry which began with surprise raids in May on the headquarters of the seven EC companies involved.

It says that Brussels believes they formed an illegal cartel and plans to impose unspecified fines unless the companies can prove themselves innocent.

A thick annexe is attached, which provides what Commission officials claimed yesterday was clear evidence of the workings of the cartel, believed to have started in mid-1986. They claimed it had been a big influence on the recovery of stainless steel prices since then.

The next stage is for the companies to reply in writing to the Brussels allegations, after which they will be offered an oral hearing. It will then be some months before the Commission issues its judgment.

Commission officials warned that they took a serious view of this case and wanted to use it to drive home Brussels's determination to keep anti-competitive behaviour out of the steel industry in the wake of the EC's June decision to abolish official production quotas. Stainless steel was never covered by the quota system.

French government refers Nestlé to monopolies unit

By Paul Betts in Paris

THE FRENCH government has referred Nestlé's takeover of the UK Rowntree chocolate group to the French monopolies commission on the grounds that the merger risks giving the Swiss multinational food group an excessive share of the domestic chocolate and confectionery market.

The decision comes at a time when the French authorities are showing increasing concern over a growing wave of mergers and concentrations in the French food and drinks industry, with leading international groups acquiring control of domestic household food brands.

Mr Henri Nallet, the agriculture minister, expressed these anxieties in a newspaper interview yesterday. He said he would like to see the big French groups take a lead in the current restructuring of the food industry, although he did not oppose acquisitions by foreign groups of French companies as long as they respected competition rules.

The government's decision to launch a monopolies enquiry into the Nestlé-Rowntree merger has taken the Swiss multinational by surprise.

Mr Helmut Maucher, Nestlé's chief executive, said in a French magazine interview that anti-cartel authorities while protecting competition rules should not lose sight of the real scale of the problem. He emphasised that market shares could no longer be considered in terms of individual countries but on a wider international competitive basis involving larger geographic market areas.

But the French finance ministry confirmed yesterday that Mr Pierre Beregovoy, the economy minister, had decided to ask the monopolies commission to examine the Nestlé-Rowntree case because the merger has given the Swiss group well over 25 per cent of the French chocolate market.

The authorities claim that in some specific chocolate and confectionery sectors, Nestlé's share of the French market is above 35 per cent. Both Nestlé and Rowntree are long established in the French chocolate market which has increasingly come under the control of foreign companies.

The French food and drinks industry has been the target of a number of big foreign takeovers because of a growing number of succession problems in family controlled businesses. In the confectionery sector Cantalou is the only remaining big French-owned chocolate manufacturer.

The French monopolies commission was set up two years ago when the conservative government of Mr Jacques Chirac abolished all price controls and created the new regulatory advisory body as a counter-balance.

Under the French system, the monopolies commission passes the conclusions of an investigation to the finance minister who then takes the final decision on the case.

While the French socialist government is committed to free market policies, it is also anxious to avoid what it regards as excessive liberalism which could undermine the country's national interests in an important sector like the food and drinks industry. Mr Nallet recently blocked the sale of a large stake in the famous Romanee Conti Burgundy wine to a Japanese group to protect what the government felt was part of French cultural heritage.

A man mourned like a king

By David Marsh in Munich

THEY CARRIED Franz Josef Strauss like a king through the silent streets of Munich last night as West Germany closed ranks around a man who in life stood all too rarely for unity.

The late Bavarian Prime Minister was born on a flower-decked horse-drawn funeral carriage draped with the blue and white Bavarian flag, to the solemn beat of drums and brandishing of countless burnished banners. He will be buried today next to his wife in a village south east of Munich.

Flanked by a stream of Alpine musketeers, nurses, schoolchildren, policemen and moist-eyed country people in traditional garb, the serried ranks of mourners, led by President Richard von Weizsaecker and Chancellor Helmut Khol, strode through a vast crowd standing bareheaded in the twilight to pay their last respects.

It was a day of melancholy pageantry of the type at which the Germans – and above all the Bavarians – excel.

Mr Strauss, who died on Monday after 40 tumultuous years in politics, was feted at a midday mass at Munich Cathedral before an overflowing audience of the country's top politicians and a phalanx of foreign dignitaries, led controversially by President PW Botha of South Africa.

The foreign guest list reflected Mr Strauss's wide contacts. As well as President Botha the funeral was attended by Mr Günter Mittag, a senior East German Politburo member; Mr Henry Kissinger, the former US Secretary of State; Mr Turgut Ozal, the Turkish Premier and ministers from many countries. The British delegation was led by Mr George Younger, Defence Secretary and the French party by Mr Michel

Continued on Page 24

Defence chips to be built in US for Pentagon

By Louise Kehoe in San Francisco

THE US Department of Defense plans to manufacture some of its own semiconductor chips for the first time. The Pentagon has contracted with National Semiconductor, a leading US chip maker, to construct and operate a semiconductor production plant on its behalf.

The contract is seen as a major effort to secure semiconductor supplies for the military amid growing concern about US dependence upon foreign – principally Japanese – chip suppliers.

The plan also marks a significant departure from previous US government procurement policy. At present, merchant semiconductor manufacturers supply the Department of Defense with all f its requirements for semiconductor devices.

Details of the plant, and even its exact whereabouts, remain secret. National Semiconductor said only that it has been awarded an $85m (£50m) 45-month contract that will involve the construction and operation of a "microelectronics" plant and the training of government personnel to operate the facility. The contract was awarded by the Maryland Procurement Office, a defense department agency.

National Semiconductor is the largest supplier of semiconductor chips to the US military and according to Integrated Circuit Engineering, a market research firm, has projected defence sales this year of $265 million.

Semiconductor industry experts speculate that the military chip plant will be designed to build small quantities of highly specialised integrated circuits for use in weapons, communications systems and specialised computer equipment.

Although the focus of concern about foreign dependence has been upon short supplies of Japanese memory chips, it appears unlikely that the new plant will be designed to make memory chips.

Mr Bill McClean, manager of market research at ICE, said: "It costs close to $300m to build a world–class memory chip plant. For $85m you could build a plant to produce small quantities of special devices."

The Pentagon has previously agreed to fund a co-operative industry effort, Sematech, to develop advanced manufacturing technology for memory chip production.

The Department of Defense has also expressed concern about difficulties it has in obtaining specialised components. The Pentagon refused to discuss the contract while National Semiconductor said it was not allowed to provide further details.

Lasmo share sale may offset takeover threat

By Steven Butler

LONDON & Scottish Marine Oil (Lasmo), the independent oil company, seemed to improve its chance of remaining independent with the sale yesterday of a 28 per cent block of its shares to several institutional investors

The shares were sold by RTZ for £259m, or 500p a share, with the approval of the Lasmo board.

Mr Chris Greentree, Lasmo's chief executive, was delighted by the move and said, half in jest: "I guess we're now Britain's only independent oil company – we're the only one without a large shareholder."

The company's shares dropped when the sale was announced and closed 20p down at 531p. They had risen strongly since September 13, when British Gas launched an unsuccessful dawn raid, offering 480p a share but winning only 1.14 per cent of the company.

Takeover speculation about Lasmo grew after RTZ sold its oil and gas subsidiary in April for £308m.

RTZ then made it clear that it was seeking to sell its Lasmo shares. However, the terms on which it had acquired the stake originally prevented it from selling them as a block without the Lasmo board's approval until July 1989.

RTZ yesterday said: "RTZ has preferred not to speculate on the likely market price in nine months' time but to accept now a satisfactory price for its holding."

The sale of 51.85m shares, through which RTZ took a £113m profit, was seen widely

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BODLEY'S OXFORD ARK

Robin Lane Fox assesses the threat posed to one of of the world's great libraries, the Bodleian at Oxford

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New face of the Algarve

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Edmund Penning-Rowsell on California's produce

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How to spend it

Lucia van der Post on costume jewellery

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
$1.699	DM1.86175	1,844.7 (+5.6)
London:	FFr6.3445	FT Ordinary:
$1.6985 (1.6995)	SFr1.561	1,490.4 (+8.9)
DM3.1625 (3.155)	Y133.275	FT-A All Share:
FFr10.7675 (10.7525)	London:	956.27 (+0.4%)
SFr2.6625 (2.65)	DM (1.8633)	FT-A long gilt yield index high coupon:
Y226.25 (226)	FFr (6.35)	9.20 (9.26)
£ Index 75.9 (75.8)	SFr (1.563)	New York lunchtime:
GOLD	Y (133.45)	DJ Ind. Av.
New York: Comex Dec $407.3 (408)	$ Index (96.9)	2,139.22 (+31.47)
London:	Tokyo close Y133.5	Tokyo:
$402.50 (403.25)	US LUNCHTIME RATES	Nikkei
N SEA OIL (Argus)	Fed Funds 8¼%	27,258.27 (+85.93)
Brent 15-day Oct $11.325 (11.25)	3-mo Treasury Bills: yield: 7.46%	LONDON MONEY
	Long Bond: 103⅞ yield: 8.82%	3-month interbank: closing 11$\frac{29}{32}$% (12)

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US statistics point to slowing of growth rate

By Anthony Harris in Washington and Janet Bush in New York

THE US bond and stock markets rose strongly yesterday on the strength of three news items which were read as confirming that the economic expansion is slowing to a sustainable rate.

The employment figures showed a modest rise of 142,000 in business employment in September, following a revised increase of only 94,000 in August. This contrasts with an average increase of over 300,000 a month in private sector employment in the previous 10 months.

Unemployment, however, fell by 0.2 points to 5.4 per cent, because of strong public-sector hiring in schools and colleges at the beginning of the academic year.

US financial markets had stagnated all week as they waited for yesterday's unemployment report and bounced strongly as soon as the figures were published.

By midsession in New York, prices of US government bonds had surged by as much as 1¼ points and the yield on the Treasury's benchmark long bond fell to 8.8 per cent, its lowest level since early July.

Shares also broke out of their lethargy and rallied strongly. At midsession, the Dow Jones Industrial Average stood 36.98 points higher at 2,144.73, the nearest it has been to the post-October crash high of 2,158.61 recorded at the close on July 5.

At the same time the Business Council, representing the chief executives of the largests US companies, published its semi-annual forecast, predicting a slowdown to a growth rate of just under 2 per cent over the next two years.

The Business Council forecast an inflation peak of 5.1 per cent next year, and a fall in the trade deficit to less than $100bn in 1989, partly because of sluggish consumer demand. Both figures are significantly more favourable than recent market expectations.

These developments confirm indications earlier in the week from the monthly survey of purchasing managers, which showed a weakening of growth expectations for the third successive month.

Dukakis goes on the offensive

By Lionel Barber in Washington

GOVERNOR Michael Dukakis took the offensive yesterday with a series of attacks in speeches and TV advertisements on Vice-President George Bush's inexperienced running-mate, Senator Dan Quayle.

After weeks of Republican pounding, the Democrats sense that Senator Quayle's stumbling performance in this week's debate has given them an opening in a campaign running in favour of Mr Bush.

In one advertisement, a haunting voice says that after five months of reflection, *George Bush made his personal choice* of J. Danforth Quayle. "Hopefully, we will never know how great a lapse of judgement that really was."

The Republicans countered with President Ronald Reagan, who declared that this year's election was "a referendum on liberalism in America".

Democratic analysts reckon voters' concern about Senator Quayle is not strong enough by itself to sway voters in November, so they are mixing it with attacks on Mr Bush's judgment and a more potent message of economic nationalism.

Mr Dukakis, campaigning at a steel plant in Texas, said foreign companies were buying up American real estate, companies and plant. "Pretty soon *we are going to be tenants in* our own country," he said.

The Dukakis campaigners believe they can win votes by borrowing the language – if not the specific policies – espoused by Congressman Richard Gephardt of Missouri, who campaigned for the Democratic nomination this year.

However, despite Senator Lloyd Bentsen's clear victory in last Wednesday's debate in Omaha, Nebraska, the Democrats still face an uphill struggle to win enough big states to take a majority of 270 votes in the Electoral College.

In Memphis, the Democratic nominee gave the Quayle factor a new twist by questioning whether Mr Bush should be given the chance to choose *Supreme Court Justices*. "Do you want the man who selected Dan Quayle to be making these appointments?" he asked.

Israeli arms buyers win immunity in US inquiry

By Andrew Whitley in Jerusalem

DIPLOMATIC immunity has been granted by the US to a big contingent of Israeli Government arms purchasers involved in a Justice Department investigation over the possible illegal acquisition of sophisticated military technology.

The unprecedented extension of consular privileges to some 50 Israeli officials follows months of behind-the-scenes discussions between the two governments. Final agreement was reached in New York last month during Foreign Minister Shimon Peres's participation in the UN General Assembly meeting.

Announcing the decision on Thursday, Mrs Phyllis Oakley of the State Department said the Israeli defence procurement mission and trade mission in New York would in future be considered as annexes of the Israeli Consulate. It was left unclear whether the status would also be applied retroactively in respect of specific offences.

Faced with a series of embarrassing revelations about the activities of its arms purchasers in the US, Israel has been seeking for the past three years to gain them protection from possible prosecution. Among the controversies which have periodically strained bilateral relations have been the alleged covert acquisition by Israel of nuclear bomb "triggers", *cluster bomb technology and missile guidance systems*.

Hard line towards Chilean opposition

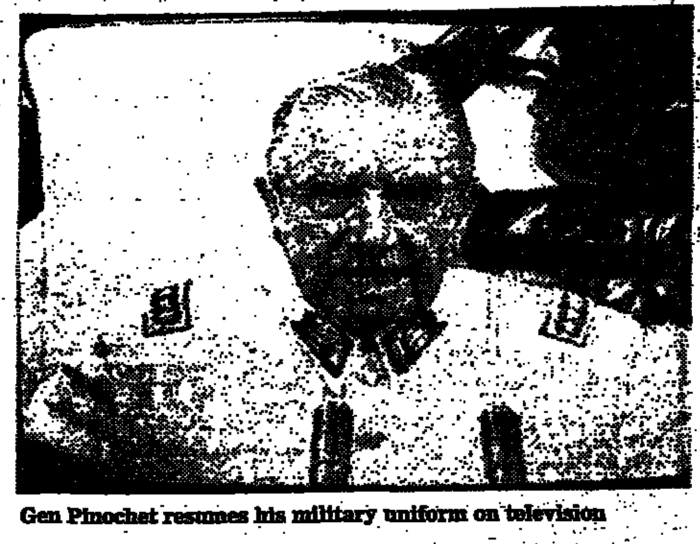
By Mary Helen Spooner in Santiago

THE Chilean Government is adopting a hard-line approach to any negotiations with the opposition in the wake of General Augusto Pinochet's defeat in the presidential plebiscite on Wednesday.

Mr Sergio Fernandez, the Interior Minister, said yesterday the Government would hold talks with opposition groups "if it is necessary." He backed this up by reiterating Gen Pinochet's statement on television the previous night, in which the 72-year old strong-man said he would complete his term in office and would adhere strictly to the regime's constitution.

Gen Pinochet also said in the broadcast, in which he reverted to wearing military uniform after his campaign suit, that the Chilean army, which he is still due to command for the next eight years, would continue to play a key role in government.

The regime's constitution, approved in a controversial referendum in 1980, provides for presidential elections by the end of next year and for Gen Pinochet to remain in office until March 1990.



Gen Pinochet resumes his military uniform on television

Mr Fernandez and the rest of Gen Pinochet's cabinet officials have been reinstated in their posts after offering their resignations on Thursday. The Government said the ministers' resignations had been rejected.

Gen Pinochet's decision to keep Mr Fernandez, a civilian hard-liner, and the rest of the cabinet, suggests that any eventual dialogue between the Government and its opposition in the coming months is likely to be difficult.

These tough statements came as the security forces clamped down on demonstrators, and Santiago was tense in advance of a major opposition victory rally due late yesterday. Two people, including a 14-year old boy, were killed by gunfire, over 40 others injured and 58 people arrested in incidents during anti-government demonstrations in Santiago on Thursday, police and hospitals said.

A statement by Chile's paramilitary police force, the Carabineros, said yesterday that police were forced to fire their weapons in the face of bricks and bottles thrown by the demonstrators.

The 16-party political coalition backing the "no" vote against Gen Pinochet in Wednesday's presidential plebiscite has repeatedly called for calm. A crowd of over 1,000 formed for several blocks along Santiago's main avenue yesterday, facing La Moneda presidential palace, shouting for Gen Pinochet to resign.

Lives lost in Algiers violence

By Francis Ghiles

THE NEW military authorities for Algiers announced yesterday that riots in the city this week had claimed a number of lives among protesters and the security forces. They were not more specific.

Residents of Algiers said they believed there were several dead or injured and one city hospital was reported to have treated 50 wounded since Tuesday.

The official news agency, Algerie Presse Service, quoted a spokesman for the military command, appointed by Algerian President Chadli Bendjedid, as saying in a brief statement that he regretted the loss of life.

Early yesterday Algerians queued for bread in the capital as calm appeared to be returning to the city. The violence had been prompted by anger at rising prices, shortages of essential foodstuffs and high unemployment.

Inhabitants of Oran, the seat of the important Second Military Region, said fires appeared to be burning in parts of the city. Friday evening, when worshippers leave the mosques after the weekly sermon, was awaited with apprehension.

Youths and Islamic militants, defying a military ban on large gatherings, clashed with police outside at least two mosques in Algiers after the prayers, notably in Bab el-Oued, one of the flashpoints of the violence this week.

In some of the districts worst affected by the violence local preachers are famous for their denunciations of corruption and self-indulgent living in high places. It is not clear what influence Islamic fundamentalist groups, which have kept a low profile for the past 18 months, might have had on events.

Flights between Algeria and France have been severely disrupted since Thursday.

Iran accuses Iraq of ceasefire violation

By Victor Mallet

IRAN yesterday accused Iraq of numerous violations of the Gulf War ceasefire agreed on August 20, although hopes rose at the United Nations this week that deadlocked peace talks between the two countries might at last begin to make progress.

The Iranian news agency Irna said the Iraqis had committed 88 ceasefire violations in the last week of September, fortifying frontline positions, twice firing mortars and in one case capturing 13 Iranian soldiers. Iraq has likewise accused Iran of breaking the ceasefire.

Malawi debt

Malawi has signed a debt restructuring agreement with its 35 commercial bank lenders, following the rescheduling of its Paris Club debt earlier this year, Stephen Fidler writes.

The agreement covers its entire bank debt of $34m, and stretches out its repayment schedule to September 1995. The interest rate margin on the debt will be lowered to 1¼ per cent from 1⅞ per cent.

Nigerian strike

Striking Nigerian power workers who blacked out much of the country for two nights have agreed to call off their action, the national electricity company said yesterday, Reuter writes from Lagos. It said agreement was reached on Thursday night when the military government branded the stoppage as economic sabotage.

Burmese 'alienated'

The Burmese army, alienated from the people of Rangoon by a campaign of bloody suppression, is eager to hand over power to an elected government, diplomats there say, Reuter reports from Bangkok.

Aquino order

Philippines President Corazon Aquino yesterday ordered officials to ignore representations made by her relatives or people claiming to be her relatives and to file charges against those who invoke her name to obtain favours, AP writes.

Chinese car figures

China aims to produce 700,000 cars by the year 2000, up from 33,000 in 1988, the chairman of the National Automotive Corporation, Chen Zutao, said, Reuter writes from Peking.

US-Greek talks

The US and Greece ended their latest talks on American military bases yesterday with the installations still under threat of closure in 1990, Reuter reports from Athens.

Officials on both sides said an 11th round would be held in Washington early next month. The present basing accord expires in December.

Case of racist sexual attack on girl 'a sham'

By Janet Bush in New York

THE inflammatory case of Tawana Brawley, the black teenager found last November covered with excrement and daubed with racist slogans, officially closed on Thursday when a Grand Jury concluded that her tale of abduction and sexual torture was a sham.

A detailed 170-page grand jury report found that Miss Brawley, now living with her family in Virginia, had lied about being a victim of a sexual and racial assault at the hands of a gang of white men, one wearing a police badge.

Attorney General Robert Abrams, the special prosecutor likened to Hitler by the controversial black activist and self-appointed Brawley family adviser Rev Al Sharpton, said: "We know the facts. We have solved the case. The allegations that she made were false."

In uncharacteristically strong language, Mr Abrams lambasted Mr Sharpton and the two radical attorneys, Mr Vernon Mason and Mr Alton Maddox, who used Miss Brawley's sad charade to accuse the New York state criminal justice system of racism.

He filed disciplinary charges against the attorneys which could lead to their disbarment.

The grand jury's findings confirmed what many in the public came to suspect as the controversy ground on in the press, on television and on the streets as pro-Brawley demonstrators hurled accusations of rape and kidnap at white police officers and of racism at the criminal justice system.

Yugoslav province calm after leaders step down

By Aleksandar Lebl in Belgrade

THE overheated atmosphere in Novi Sad, the capital of the Yugoslav autonomous province of Vojvodina, has calmed downafter the party leaderships of the province and the citystepped down on Thursday.

Some 100,000 people who had demonstrated against party and other leaders of the province started dispersing on Thursday evening and reports from Novi Sad say no more outbursts occurred.

The demonstration was the first in a long succession of meetings since July 9 which was violent, withsome 100 people, demonstrators and police, injured andconsiderable material damage done. Four demonstrators were arrested.

The main question in Vojvodina now is whether the present party committee should stay and elect its new presidency, or whether it should be dissolved and an extraordinary party conference convened to elect a new provincial committee. It is clear that in any case, personnel changes will be widespread.

Meanwhile, in the province of kosovo the Committee for Organising Protest Meetings Outside the Province in support of kosovo serbs and montenegrins, which may be described as a parallel power centre, announced on thursday that it had dissolved itself. protest meetingshowever which it organised will be held as planned. thekosovo party leadership has been under pressure to follow theexample of their comrades in vojvodina and resign but so farhas not made such a decision.

Poll test for Martens

By Tim Dickson in Brussels

THE four-month-old Belgian government of Mr Wilfried Martens faces its first major hurdle in local elections tomorrow.

While the range of predominantly parochial issues is complex and local alliances cover every conceivable permutation, observers will be watching for any setbacks among the five centre-left parties which make up the present national coalition.

Mr Martens is determined that the local results should not deflect his Government from pursuing the major constitutional changes aimed at turning Belgium into a more federalist state and from continuing the tough budgetary policies which have improved Belgium's economic health in the last six years.

Many fear, however, that new tensions could arise round the turn of the year when the mayors of communes (notably in the linguistically divided areas around Brussels and in the Fourons) are nominated.

Olive crop 'weapon' in West Bank

By Andrew Whitley in Jerusalem

OLIVES, the mainstay of the West Bank agricultural economy, look set to become the next victim of the continuing unrest in the Israeli-occupied territory.

As the picking season of a bumper crop gets under way, the military authorities have made clear they intend to use the considerable economic importance of the olive crop in certain areas as a weapon to restore Israeli control. Similar sanctions, though on a lesser scale, were applied this summer to a variety of fruits.

The Civil Administration said no restrictions were in force or were being contemplated on the sale of olives and olive oil in the West Bank.

However, owners of olive presses in the Nablus and Hebron districts say the Civil Administration is refusing to grant export licences without a hefty downpayment of 10,000 Jordanian Dinars ($25,000), a payment officially described as being "anticipated taxes".

Major-General Amram Mitzna, head of the Israeli Army's Central Command, the top-ranking officer in charge of putting down the 10-month-long uprising is on record as warning that, once the picking season gets into high gear next week, access roads to certain troublesome villages will be blocked off.

Reuter adds: Israeli soldiers shot dead three Palestinians and wounded at least nine in the occupied West Bank yesterday in clashes which flared after troops killed an Arab the previous night, security sources and Palestinians said.

EC states agree stance on Lomé talks

By David Buchan in Brussels

EC member governments have agreed a mandate for the European Commission to start negotiations next week for a fourth renewal – beyond 1990 – of the Lomé Convention that gives aid and trade preferences to 66 African, Caribbean and Pacific (ACP) states.

EC diplomats have stitched together compromises on four contested points in the Community's negotiating stance, on which their foreign ministers failed to reach agreement late last month. On the issue of enlarging Lomé's geographic scope, member states have agreed that Namibia, if it becomes independent of South Africa, can join the convention, while leaving in abeyance the requests of Haiti and the Dominican Republic to join.

Member states differed over whether improvements in Lomé should centre on aid or trade preferences. The agreed stance is that Lomé's current trade liberalisation should be consolidated, without precluding future improvements. Some 95 per cent of ACP farm exports enter the EC without restriction or duty.

Compromises have also been reached on the Community's opening positions on structural adjustment aid and export stabilisation (Stabex) loans. The EC, however, has made no attempt at this early stage in the negotiations to agree on what the overall increase it should offer the ACP states above the Ecus 8.5bn ($5.5bn) level of aid in the third (1986-90) Lomé convention.

Soviet police adopt soft line on dissident protest

By Quentin Peel in Moscow

THE Soviet Union celebrated its Constitution Day yesterday with a resounding call for the rule of law to prevail – in the columns of Pravda – and illegal demonstrations for a new constitution on the streets of Moscow and Leningrad.

Some 30 organisers of the protest by the Democratic Union were detained by police, yet the meeting in Moscow's Pushkin Square was allowed to continue for several hours.

The Democratic Union – condemned as anti-social by the Soviet authorities – is demanding sweeping changes to the constitution to allow a multi-party democracy, free speech and religious freedom.

Police were whistled and jeered by the crowd as they detained the ringleaders, but then abstained from using force to disperse the rest of the onlookers, although they tried to persuade them to leave.

The kid-glove approach was in sharp contrast to the last Democratic Union demonstrations in August and September, when dozens were detained and the streets forcibly cleared.

At the same time, Pravda published one of its most outspoken editorials to date in support of Mr Gorbachev's political and economic reforms, admitting to "serious deformations" in the political system since the October revolution.

The new reforms now being drafted would guarantee more democracy through transferring power to the elected Soviets, the editorial declared.

France hit by labour discontent

By Paul Betts in Paris

RISING labour discontent in France is beginning to have serious repercussions on several key institutions and industrial sectors.

Yesterday, industrial action by prison officers led to the postponement of the trial of the leaders of the left-wing Action Directe terrorist movement accused of assassinating Mr George Besse, chairman of Renault. The action, which has severely disrupted prison administration and the judicial system, is aimed at achieving better pay and conditions in the chronically overcrowded prison system.

Nurses too are campaigning for better pay. On Thursday they rejected an improved government pay rise of a FFr 312 a month, and are holding out for a FFr 2,000 increase. Despite disruption hospitals, they have won public sympathy.

The government has been taken by surprise by the eruption of strife. It had expected any labour unrest this winter to start in the private rather than the public sector. The strikes reflect growing dissatisfaction among public sector workers that their salaries have not kept pace with the cost of living in the past two years.

For its part, the government is committed to a policy of economic rigour to reduce the public sector deficit and is reluctant to loosen its public sector incomes policy.

As well as prison officers and nurses, teachers are expected to voice their demands in coming months. In public broadcasting, a controversial pay strike has disrupted the two state television networks, Antenne 2 and FR3, and state radio.

The strikes come as the union movement has seen its influence decline. Both the French authorities and industrial leaders have become increasingly worried by growing spontaneous industrial action, often independent of union direction, reflecting discontent among worker over declining purchasing power when the economy is recovering and company profits are strong.

Opera House aims to revive heyday of Cairo's arts

Tony Walker visits the Japanese-built centrepiece of an Egyptian arts complex

"FOR US, less is more," declared Mr Koichiro Shikida, the project manager for the new Cairo Opera House that is to be opened on Monday. The starkly beautiful design marries a simple Islamic exterior with a functional Japanese interior to produce one of the most graceful buildings in the Arab world.

Arriving at the final version was not easy, however. No fewer than seven different designs were produced by the Japanese in one year before the Egyptians were satisfied. The initial Pharaonic concept of a triangular design was rejected in favour of a classic Islamic style with sculpted domes, arcades, crenellations, courtyards and fountains.

"You feel Mr Shikida has achieved a good marriage between the Islamic exterior required and the interior functions of the building," said Magda Saleh, one of Egypt's *leading former ballerinas and*, for a time, director of the new opera complex that also doubles as an educational and cultural centre.

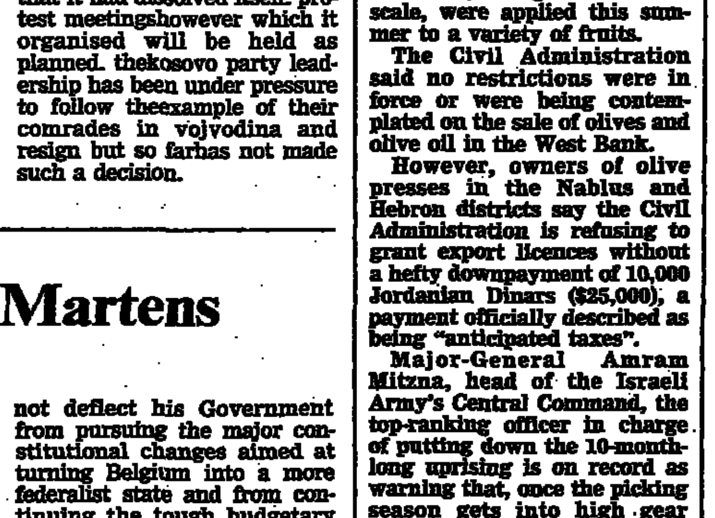
The new Opera House extends over 6,000 square metres on a unique site on Gezira island in the Nile, facing towards the city centre and the Citadel in the hills beyond. It is the centrepiece of a number of buildings devoted to the arts and science.

Land has also been earmarked for a new Egyptian museum nearby to fulfil a dream of the late President Anwar Sadat.

For Egyptians, and in particular Cairenes, the building embodies a hope that the once rich and varied cultural life of the city can be revived. "We hope," said Mr Ratiba Hefny, director of the Education and Cultural Centre, "that it will lead to a renaissance of the arts in Egypt."

When Egypt's old Opera House burned to the ground in 1971, it removed one of the pillars from the performing arts. The opera, ballet and theatre were passing through some difficult times in the Nasser era, burdened as Egypt was by isolation from the West and several wars with Israel.

Older Cairenes recall a more elegant pre-war period when European companies, including La Scala, performed regularly in the wooden Opera House,



Cairo's new Opera House: hopes of renaissance

built to commemorate the opening of the Suez Canal in 1869, on a site still known as Opera Square, but now dominated by a car park.

Magda Saleh remembers with sadness the night on which the old Opera House burned down. The building, *which had taken six months to* construct in an ornate European style and whose acoustics were among the best in the world, took just two days to burn to the ground, 102 years after it came into being.

She hopes that the new theatre complex will encourage Egyptian artists to strive for excellence. "This place is supposed to rekindle hope for local artists," she said. "This is not just a receiving house for foreign companies."

Sobhi Bidair, Egypt's leading *opera singer*, said that after the old Opera House was destroyed, the Egyptian opera company was obliged to perform in poor surroundings, such as a converted cinema which was "not good acoustically." Mr Bidair believes that even though opera appeals only to a minority in Egypt, many people will be drawn to the opera in the new centre because they "will want to see the place."

Likewise, Adel Monem Kamal, director of the Cairo Ballet, said it was most important that at last the ballet corps would have a home. Mr Kamal, who has danced in Western Europe and in the Soviet Union with the Bolshoi, said the facilities were as good as any in the world.

The Opera House, built with a $50m grant from Japan, comprises three theatres; the main hall with seating for about 1,000, a small hall to cater for an audience of about 500, and an outdoor theatre for 600. Wood for the interior, principally the stage, came from Scandinavia, marble from Italy, and glass from Czechoslovakia. The carpets were made in Egypt.

The main auditorium, which features a spectacular fibre-glass ceiling lotus as the Japanese signature on the building, is decorated with subdued pink and apricot colours. The carpet is wine red.

Remarkably, for a construction project in Egypt where delays are commonplace, the building was finished right on time in March this year after 34 months, by the Kajima Corporation of Japan under the supervision of the designers, Nikken Sekkei. The Japanese estimate that between 300,000 and 400,000 Egyptian workers were involved.

If there is a concern about the birth of the new opera house, it is that arrangements for the grand opening appear a little ragged.

Inquiries about tickets to the opening are deflected, and the programme appears not completely settled. The bad health of Emperor Hirohito is another concern.

A gala concert is planned for October 10, featuring local performers, to be followed on succeeding nights by the Kabuki theatre from Japan, piano recitals by Japanese artists, and performances by the London Festival Ballet.

Interspersed with a programme of visits by international troupes will be a range of local performances by folkloric groups, the Cairo ballet, opera and symphony orchestra.

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OVERSEAS NEWS

South Korea scraps ban on trade with the North

SOUTH KOREA is to lift its ban on trade with its arch-rival North Korea and has proposed talks on forming a single economic community, Reuter reports from Seoul.

Mr Rha Woong-bae, the Deputy Prime Minister, said any inter-Korean trade would be regarded as "internal trade within the national community" and therefore be duty-free.

Until now, South Koreans importing North Korean goods could have been prosecuted under a national security law banning all pro-Pyongyang activities, which carried a maximum penalty of death.

Mr Rha, who is also Minister for Economic Planning, said Seoul would encourage traders from both sides to visit each other's country or to meet in third countries to discuss business.

"It would be desirable to form a common economic community between South and North Korea because we should prosper together as one nation," he said.

He acknowledged there would be no immediate flourishing of trade unless the North agreed to his proposal, but said South Korean companies could now buy North Korean products through third countries.

"Labels on North Korean goods showing their origin will not be removed and consumers can now purchase products with North Korean brand names within our country," Mr Rha said.

North and South Korea held several rounds of trade talks at the border village of Panmunjom in 1985, but Pyongyang called them off the following year, protesting at joint military exercises between Seoul and Washington.

Mr Rha said that, judging from the 1985 border contacts by economic officials and business leaders, Seoul could buy North Korean anthracite, iron ore, magnesia clinker, cod and corn, while selling steel and textile products to the North.

The move is the latest in a series of peace offensives towards North Korea launched by President Roh Tae-woo, who has committed himself to laying the groundwork for Korean re-unification before his term ends in 1993.

Gorbachev plans visit to Pyongyang

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, is to visit North Korea at a date yet to be fixed. The announcement is intended to allay North Korean suspicions at Moscow's interest in developing relations with South Korea, and in urging both sides to settle their differences.

The trip replaces one scheduled to be undertaken by Mr Andrei Gromyko, who was replaced as President by Mr Gorbachev last week.

There is no doubt about the Soviet interest in developing relations with Seoul. Economic relations with South Korea – as opposed to diplomatic – were specifically held out by Mr Gorbachev as desirable in his Krasnoyarsk speech two weeks ago.

He then proposed talks by all countries bordering the Korean peninsula – apparently as a back-door way to promoting a settlement between Seoul and Pyongyang.

Taipei's shares continue free fall

By Bob King in Taipei

THE TAIPEI stock index yesterday continued its free-fall, shedding another 171.39 points to close at 7,252.29. One analyst said the only direction was down for the near future.

Trading was worth T$150m (£3m). The daily average was T$40bn-$50bn during the hectic and optimistic weeks of August and early September when it seemed the bubble would never burst.

But, burst it has, pricked by what in retrospect was really minor intervention by the Government: the announcement on September 24 that from January 1 transactions exceeding T$3m in a calendar year would be subject to capital gains taxes. The panic that has set in as a result shows how fragile Taipei's house of cards was.

The Government is clearly in a quandary: about the only thing that will halt the market's fall would be further concessions, such as the decision last week to raise the ceiling of excluded transactions to T$10m and to halve a surcharge on transactions from 0.3 per cent to 0.15 per cent – or to abandon the gains tax entirely.

Japan finds something to worry about

Ian Rodger on anxiety at a private sector capital spending boom

THE Japanese economy has been performing so well recently that economists have been hard pressed to find something to worry about. It is perhaps in this context that recent expressions of anxiety over the current private sector capital spending boom should be examined.

According to most forecasts, investment in manufacturing, for example, will rise by more than 20 per cent in the fiscal year to next March. At first these forecasts were widely welcomed by economists who had been looking for something to take over from spending on housing and public works the job of maintaining the momentum of growth.

However, in the last week or so, they have begun to see more ominous signs in the investment boom. The argument goes roughly as follows: the economy is already running at a high level, so any further acceleration in the growth of capital spending in the next few months could lead to production bottlenecks, especially for capital goods, and stimulate inflation.

Then, later next year, if, as is widely expected, world economic growth slows, Japanese manufacturers could be caught with gross excess capacity, which would accentuate the downturn. Separately, there is also growing concern that this

Sumita: startled economists

capital spending will give another boost to the competitiveness of Japanese industry.

The portions of the spending going, on the one hand, into capacity increases and, on the other, into improvements in efficiency vary from sector to sector, but most economists agree that the overall effect is likely to be to slow still further the process of reducing Japan's huge trade surpluses.

The resurgence of exports in recent months has shown that Japanese exporters have overcome the negative effects of the rise of the yen's value. Similarly, the boom in capital spending in such domestically-oriented industries as pulp and paper and food processing are likely to make companies in those industries better able to resist import competition.

"This economy is set to become more and more competitive," says Mr Ken Courtis, economist at DB Capital Markets (Asia) in Tokyo. Concern over the investment boom was sparked by a warning last week by Mr Satoshi Sumita, governor of the Bank of Japan, that further upward revisions of private capital spending plans in the next few months would "pose problems for the economy". Some economists were startled by the strength of this statement.

"If they really believe that, then the appropriate policy response would be to tighten monetary policy now to dampen investment growth," says Mr David Pike of UBS Phillips and Drew in Tokyo.

However, other Bank of Japan officials were quick to point out that Mr Sumita's remarks referred to a hypothetical situation. They say that the present level of capital spending is healthy.

Mr Munemichi Inouye, an economist with the large trading group Marubeni, argues that the current investment boom is being carried out by companies in the knowledge that manufactured product imports are growing rapidly, thanks to the rise in the yen's value. Thus, the potential inflationary impact from it is weak, he suggests.

Other economists have been worrying about the build-up of indications of impending inflation in recent months. The Organisation for Economic Co-operation and Development, in its recent annual report on Japan, also focused on this point. It observes that demand and capacity use have been high for months and that there is virtually no unemployment.

"The key factors in labour settlements are corporate profits, labour market conditions and inflation expectations. All are strong now, so we may be building wage growth into the system just as the economy slows," says Mr Pike.

For their part, Ministry of Finance officials have expressed concern that tax reductions contained in the tax reform plan currently before the Diet (parliament) could give a dangerous boost to the other strong source of growth in the economy at the moment, consumer spending.

If, however, world economic growth slows significantly after the US presidential election, then many companies would presumably rein in their spending plans. And that would set off another set of worries.

Australian miners agree big changes in work practices

By Chris Sherwell in Sydney

AUSTRALIAN miners have narrowly voted to accept radical changes in work practices, paving the way for big cost savings by coal companies and underpinning the country's position as the world's largest coal exporter.

The news is the second boost in a week for the troubled industry. Last weekend exporters of steaming coal secured their first price rise since 1982 in tough negotiations with Japanese utilities.

Yesterday the Miners Federation, the industry's principal trade union, confirmed it had agreed at a series of meetings in Queensland and New South Wales to change its entrenched and inefficient work practices.

Mr Tony Wilkes, Miners Federation national secretary, said some districts in New South Wales had rejected the changes but the overall vote "on national aggregate lines" was in favour of change.

The changes include an increase in shifts from seven to eight or even nine hours, introduction of a six-day week and an end to the traditional Christmas and public holiday breaks in favour of year-round operations. They also include a pay increase.

They were recommended by the one-man Coal Industry Tribunal last month, after a protracted tussle between the union and coal companies which saw at least three national work stoppages, the closure of numerous mines and the loss of thousands of jobs. Had the changes been spurned, further confrontation seemed inevitable.

Broking analysts say that, if the changes are successfully implemented, large open pit coal mines will see savings of 50 Australian cents per tonne while underground collieries might gain A$2 (£0.95) to A$3 a tonne – no small margin when the price of steaming coal, for example, is around A$44.

The changes are expected to bring a significant increase in production. One estimate predicts output of 151m tonnes for the year to June 1989, up from 137m tonnes in 1987-88. Of this, about 100m is expected to be exported.

To be set against the industry's prospective improvement in profitability will be the losses already notched up by the coal companies. According to the New South Wales Coal Association, the state's companies collectively lost A$103m in the six months to last December, on top of losses in earlier years.

But Mr Wilkes warned that mineworkers were bitter at the way the changes had been thrust upon them, and that industrial relations would "continue to be difficult".

Talks on Manila yen loan start next week

By Richard Gourlay in Manila

JAPANESE officials arrive in Manila next week to agree an aid package which will ease Philippine budget and balance of payments pressures but which also shows that the country needs less in new loans than it is asking from commercial creditor banks in New York.

The Japan Overseas Economic Development Fund's 15th yen loan is among a number of expected sources of capital not taken into account in Philippine estimates of its financing gap for 1989-90, diplomats and bankers say.

Officials in Manila estimate this gap at $3.1bn and were expected to ask commercial banks for at least $1.5bn in new money in talks that began on October 4 in New York.

Before the talks, bankers said the Philippine request was based on "extremely conservative" assumptions or "back of envelope" calculations. They expected the negotiations to be inconclusive until the Philippines nailed down firmer estimates of its needs.

The 15th yen loan package will amount to at least Y80bn ($602m), the size of the 14th yen package signed last year, a Japanese official in Manila said, but declined to comment whether it would reach the Y110bn figure requested by the Philippines. The package should be signed by December, he said.

About two thirds of the aid is likely to be in the form of commodity loans and co-financing with the World Bank and the Asian Development Bank and will probably flow in during 1989-90, the official said. In addition there will be at least $100m of Japanese grant aid.

Commercial bank resistance to granting new loans is heightened, paradoxically, because the Philippines is studiously paying interest on its $29bn debt. Had the banks refused to give new money after Manila announced a moratorium in 1983, all their loans could have been in jeopardy. Now banks know that a new dollar loaned is immediately worth 47 cents less because of the discount on the secondary debt market.

They are also wary that Manila might use new money to buy back its own debt at a discount. The bankers have asked Manila to conclude talks with the International Monetary Fund on an extended fund facility, which Philippine officials say might be as much as $1.3bn over three years, before committing new loans.

Other capital inflows not included in the Philippine projections include compensation for military bases used by the US, agreement for which is under review. President Corazon Aquino expressed optimism this week that the review, blocked for six months, would soon be concluded.

US officials confirm that "around" $500m is currently on offer to the Philippines, of which all but the military credit component will provide inward capital flows.

Conservative Philippine estimates of other potential sources of capital appear better founded, observers say.

In November, aid donors will meet in Manila to discuss possible finance for the $8bn, 10-year land reform programme for which the Government is preparing to implementing guidelines.

OVERSEAS NEWS

No peace, no war in Nicaragua

Tim Coone on an uneasy ceasefire at home and, below, the growing prospect for many rebels of settling for good in Miami

A BURNT-OUT Soviet-built tractor and a buckled trailer lies in a ditch in the middle of the Monterrey co-operative. This is the Nicaraguan war zone.

In the immediate surrounding hills, the dark green coffee bushes are laden with ripening beans. Heavy rains have turned the dirt road that leads to the co-operative into a rutted quagmire.

The wood and tin shacks of the 64 families that live there look like temporary dwellings. Indeed, many of the women only pass the day there. Only the men, armed with automatic rifles, stay the night and keep guard over their 400 hectares of land that was given them under the agrarian reform.

Shortly after dusk six weeks ago, a group of 100 Contras opened fire from the coffee plantations, and overran the co-operative for the fourth time in as many years. All the machinery was destroyed. The houses were looted. Nine people were killed – two of them children. Another 11 were wounded.

I gave an 11-year-old boy a ride to the regional hospital for a check-up on his recovery. He sat silently, pale-faced in the front seat of the jeep, gritting his teeth at each bump in the dirt road. His stomach wound is still suppurating.

In the Nicaraguan mountains there exists an uneasy and nerve-wracking situation of no-peace, no-war. Last week the Government announced a further one-month extension to the ceasefire, originally implemented last March as a prelude to the peace talks with the Contras of the US-backed Resistencia Nicaraguense (RN).

But since the talks were broken off last June, and the hard-line Colonel Enrique Bermudez took control of the RN the ceasefire has been tenuous.

Cradling an automatic rifle the head of the Monterrey co-operative said: "For us the ceasefire does not exist. Some are thinking of leaving. Some of us are determined to stay. The Contras are just a few miles up the road. They work in the fields during the day. At night they are Contras."

There exist tacit agreements at local level between Sandinista army commanders and Contra unit leaders to keep out of each others' areas. The Government has refrained from carrying out offensive operations as long as the roads are kept open and co-operatives and farms are not attacked.

According to Mr Primitivo Zeledon, a leader of the pro-government *campesino* organisation UNAG in the nearby town of Pantasma, "the Contras are no longer able to destabilise the revolutionary process, but they can still cause disruption".

In the Pantasma region, the basic grain crop is substantially larger than last year because of the ceasefire. Land has been sown this season that has lain abandoned for several years. Despite the existence of Contra units in the region, the atmosphere is easier and more relaxed than at any time in the past five years.

The farmers are pleased with the Government's new pricing policy and there is optimism for a good harvest. For the Government, worried about the economic situation, food supplies, and the erratic peace process, a tenuous ceasefire is better than none at all.

Outnumbered, outgunned and politically divided, the RN appears less capable now of a military victory than at any time since the guerrilla war began in 1981. Despite this, the hard-line RN leadership seems intent on prolonging the war, calculating perhaps that this will eventually work in their favour or force further concessions from the Sandinistas.

But judging by the attitudes to the war of the ordinary *campesinos* in the hamlets and villages around Pantasma and Monterrey, it seems a strategy almost designed to fail. The ceasefire, however tenuous, has reminded people what peace can be like and they seem to want more.

Contra purge threatens exile for most

RIGOBERTO no longer sports a military uniform. Instead he wears a pair of faded jeans, cowboy boots and a casual shirt.

Last December he led one of the most successful attacks made by the US-backed Contras against the Sandinista Government in Nicaragua when they temporarily seized three important mining towns in the central highlands of the country.

A few months later he, along with six other guerrilla commanders, were sacked for having accused the present leaders of the Resistencia Nicaraguense (RN) of corruption and for having supported a ceasefire agreement and an outline peace plan with the Sandinistas.

"We thought we were working towards an agreement in which there could have been a co-existence between the Sandinistas and the opposition," he said.

Today Rigoberto, who still uses this *nom de guerre*, lives in a cheap apartment in a housing condominium on the outskirts of Miami, where hundreds of other poor Hispanic families live, many of whom barely speak a word of English. He, like the constant stream of Nicaraguan Contras now arriving in Miami, has no work permit, and is living on money lent by friends.

"I have not received a cent from the resistance since I was expelled. We have been totally cut off and abandoned."

He claimed that the recent exodus of Contras from Nicaragua to Honduras was not for lack of US funding. "It is due to a demoralisation and lack of confidence in the present leadership. I managed to keep a task force operating in Nicaragua for two years when the congressional funding was cut off in 1984 and 1985," he said.

The purge of moderate leaders took place between April and July, when the hard-line military commander, Colonel Enrique Bermudez, and it is suspected his US backers, felt the peace process was moving too fast towards an agreement.

Rigoberto and the other dismissed commanders (they were expelled from Honduras at gunpoint), were in charge of about 6,000 Contra troops, and are considered some of the most experienced and respected leaders of the Contra units. All led their forces in the field, and having come from the countryside themselves, developed close contacts with the peasant farmers and a social base capable of supporting their military operations.

Mr Pedro Joaquin Chamorro, one of the political leaders of the Contras and a negotiator at the last peace talks in June, and who was also subsequently purged from the RN leadership said: "There is no understanding in the US of the Nicaraguan opposition. They think leaders such as these can be easily replaced. Yet Rigoberto and the others are the only authentic leaders of the troops. By giving the control to Bermudez and his people the resistance is now exactly what the Sandinistas have always claimed it was: a mercenary army led by the remnants of the National Guard of the old Somoza dictatorship."

That provided them with no basis for negotiation, he said.

Mr Arturo Cruz, a one-time favourite of the Reagan Administration as a Nicaraguan opposition figure, and who later left the RN disillusioned with its leadership and strategy, wrote recently in the Miami Herald that the US should seriously consider issuing 60,000 residence visas to the Nicaraguan Contras and their families as the war cannot be won, and the opportunity for a favourable peace agreement is slipping away.

Rigoberto said: "Dozens of people are abandoning the fight every day now in Nicaragua and arriving here in Miami without money and without visas. If they are not going to reorganise the leadership of the resistance and give us the aid to win the war, the US Government should give us aid to relocate."

UK NEWS

Motorway widening will avoid closures

A PLAN for widening motorways without closing lanes or having contraflows was unveiled yesterday by Mr Paul Channon, Transport Secretary.

It involves the building of half a motorway – three lanes and a hard-shoulder – alongside one of the existing two-lane carriageways. While this is done, traffic can use the existing motorway as normal.

When the new lanes are built, traffic will be transferred from one carriageway to the new length, while the existing motorway is adapted to make three new lanes and a hard shoulder.

When the work is finished, there is provision for a fourth lane if necessary later.

The first such widening project involves changing from two lanes to three a 13-mile stretch of the M5 between Warndon, near Worcester, and Strensham, near Tewksbury, Gloucestershire.

It is being seen by the Department of Transport as cheaper, safer and quicker than traditional widening methods. The department is to consider other motorway areas that may be suitable.

The M5 plan is called parallel widening. It is likely to start in early 1991, and will take 2½ years instead of the 4½ years that would be needed for traditional widening.

It will cost £77m – more than the old method – but the department believes the new method will save between £10m and £20m by reducing delays and accidents.

Mr Channon unveiled the M5 plan in Worcester yesterday. He said: "Because we must maintain our roads and sometimes widen them, cones and contraflow arrangements are a burden we all have to share. Here we have the opportunity to try a different approach."

● Mr Channon said yesterday he remained strongly opposed to any increase in motorway speed limits. Such a move would lead to more accidents and more deaths.

There was scope for considerable improvement in motorists' motorway driving habits. Vehicles were still travelling too close together, he said.

CEGB raises forecast for power plant needs in 2000

By David Green

AT LEAST 10 more power stations could be needed in England and Wales by 2000, according to the latest forecasts by the Central Electricity Generating Board.

These show a need for 15,500MW of new capacity by the turn of the century compared with the previous forecast of 11,820MW.

The increase in the amount of new plant the board believes will be necessary is roughly equivalent to three 1,200 MW pressurised water reactors (PWR) nuclear power stations – similar to the one being built at Sizewell in Suffolk – or two of the latest 1,800 MW coal-fired plants.

The forecasts were disclosed yesterday by Mr Frank Jenkin, CEGB corporate director of strategic studies.

He was giving evidence on the fourth day of a public inquiry into the board's plan to build a PWR at Hinkley Point, Somerset.

Mr Jenkin said the new figures were in line with the area electricity board's own estimates and would be recommended to the Electricity Council on October 20 for formal adoption.

His department forecasts that the annual growth in the UK economy will exceed 2 per cent in the years up to 2000 and this was taken into account when estimating future demand.

He said the revised forecast for generating capacity also took into account a range of other factors.

These included closure of the board's first generation Magnox nuclear plants during the 1990s and closure of other old and uneconomic power stations, as well as further increases in the efficiency of electricity use.

In the light of the Magnox closures, at least two more PWRs, in addition to Sizewell B and the proposed Hinkley Point C, would need to be operating by 2000 to comply with the non-fossil fuel requirement of the Government's proposals to privatise the electricity supply industry.

The proposals stipulate that the proportion of non-fossil-fuel-generated electricity should not drop below the current 18 per cent level already in operation or approved for construction.

Mr Jenkin said the expected shortfall in non-fossil-fuel-generated electricity by the year 2000 was a minimum 2,120 MW.

There was a risk this could rise to 4,460 MW if the second generation nuclear plants, the advanced gas-cooled reactors, did not perform as well as expected and the Magnox station at Wylfa, Anglesey, closed three years early in 1998.

The total amount of new capacity required could be reduced if it proved economic to keep old plant in operation longer or if power transfers from Scotland and France were stepped up.

However, it could also be increased if demand exceeded current forecasts and some plants had to be closed earlier than expected.

Building a PWR at Hinkley Point at a cost of £1.5bn would provide cheaper electricity than either wind or tidal power.

Although many objectors were calling for an energy conservation campaign, there could be little confidence that the investment would pay dividends, he said.

Court rejects appeal to speed up benefits

AN ATTEMPT to force the Government to speed up payment of benefit claims failed in the Court of Appeal yesterday.

Three judges dismissed a claim by a coalition of advice groups and local authorities that Mr John Moore, Social Services Secretary, was in breach of his statutory duty by failing to ensure that benefit claims were processed within 14 days.

In spite of their court defeat, the Child Poverty Action Group, the Association of Citizens Advice Bureaux and the London Boroughs of Hackney and Islington later claimed a "moral victory" in view of the judges' insistence that claims should be dealt with quickly.

Lord Justice Woolf, sitting with Lords Justices Balcombe and Russell, said it was not possible for the court to draw a precise line as to what was and was not permissible.

However, it hoped its judgment would clarify the complex obligations on the Secretary of State under the 1975 Social Security Act.

Lord Justice Woolf said it was clear that parliament had intended benefit claims to be dealt with expeditiously.

However, the court was unable to accept the argument put forward by the charities and the two councils, acting on behalf of the Association of London Authorities, that once a claim form was properly filled in and handed to the Department, there were only 14 days in which to pass it on to an adjudication officer and for him to process the claim.

Yesterday's appeal was against a High Court decision last February that Mr Moore was not in breach of his duty by failing to ensure claims were processed within the 14-day period contained in the act.

The dispute centred on whether any investigation that needed to be carried out into claims should be done before or after the two-week period began.

The advice groups claimed that that there were delays of six to nine months in some cases because the Department had misinterpreted the act by reading the 14-day period as running from the time the adjudication officer received the claim instead of from the time the form was submitted.

Dismissing the appeal with costs, the judges ruled that the Department was entitled to seek basic information before dealing with a claim. However, they said it could not delay processing claims once that information was available.

The judges refused leave to appeal to the House of Lords, but the advice groups and local authorities said they would consider seeking leave from the Law Lords.

They added: "The court has recognised the seriousness of delays and confirmed that the law requires that claims be dealt with quickly."

Computer plans in industry 'more mature'

By Hugo Dixon

BRITISH industry is showing a more mature attitude to the computerisation of manufacturing processes, according to a survey published this week.

In previous years, most manufacturing companies did not have clear computerisation strategies, and most companies which claimed to have strategies did not consult with either their suppliers or their customers before developing systems.

According to a survey by Industrial Computing magazine, 76 per cent of companies now claim to have computerisation strategies, up from 46 per cent last year. Only 31 per cent of these said that they had not consulted before determining strategies, down from 56 per cent in 1987.

Manufacturing companies are also training and recruiting more specialist staff to implement their computer strategies, so helping to remedy one of the main weaknesses that has been identified in the British approach to computerisation.

Nearly half the 470 companies surveyed said that they had recruited specialist staff, up from 28 per cent last year.

Even so, spending on computers in manufacturing is not growing as quickly as it did in the early 1980s. The companies surveyed said they would be spending an average of £231,000 over the next year on computer systems, 9 per cent up on the £212,000 the previous year.

Finance house signs RAC deal

LOMBARD North Central, the finance house owned by National Westminster Bank, has signed a £4m deal to extend for another five years its sponsorship of the RAC car rally, the UK's round of the World Rally Championship.

The latest agreement, which expires in 1993, makes the Lombard RAC rally by far the longest-running sponsorship deal in motor sport.

China unlikely to bristle at duties

Richard Donkin assesses anti-dumping curbs on paintbrush imports

THE CHINESE could be *forgiven for wincing* this week at the imposition of an unusually large 69 per cent provisional anti-dumping duty on all further imports of their paintbrushes into the EC.

They have a virtual monopoly on the market in hog's bristle so it would be natural to suspect that they might retaliate by increasing prices for bulk supplies.

However, they will neither wince nor retaliate, according to companies in the British paintbrush industry, which have been urging the anti-dumping duties for two years.

The notion that Peking would or could raise bristle prices is dismissed by those who have seen the results of decentralisation over the past few years. The Chinese Animal By-products Corporation has far less direct control today over its 20 branches across the country, which often negotiate their prices directly with buyers.

Mr Herbert Samuel, chairman of Delbanco Meyer, the London bristle merchant, said: "It is rubbish to suggest that they will retaliate. If they can't sell brushes they have to sell more bristle. It's as simple as that."

Bristle prices range between £4 and £15 a kilo, about £8 a kilo for an average bristle, with lengths ranging from 1¾in to 6in. About 4m kilos a year are imported into Britain out of China's total bristle exports of about 12m kilos a year. West Germany is the other large European importer, taking a fraction more than the UK.

British paintbrush manufacturers have no objections to bristle imports. Chinese bristle has been coming in for years. However, they take exception to the import of cheap Chinese paintbrushes, which started as a trickle about 25 years ago and developed into a flood.

The anti-dumping duty was imposed after the Chinese failed to comply with an undertaking to limit their imports of paintbrushes to the EC to 22m last year. Instead they dumped between 35m and 40m paintbrushes in the European marketplace at wholesale prices more than 50 per cent cheaper than EC-manufactured products.

The reaction of most paintbrush makers has been to import the Chinese brushes while continuing to make their own. At the same time they have been urging EC intervention through their trade organisation, the British Brush Manufacturers Association, in liaison with the European paintbrush makers federation.

Mr Malcolm Sage, managing director of Briton Chadwick, of Attleborough in Norfolk, said: "We import brushes because our customers require them. We would rather they bought them from us than from somebody else."

His company makes 8m brushes a year, for which about 60,000 pigs are required. The Chinese hog is a hairy beast, unlike its European counterpart, and one pig carcass produces about 1 kilo of bristle, enough for about 133 brushes.

In spite of research and development into synthetic bristles, the hog's bristle remains the superior product. Synthetic bristles account for no more than 1 per cent of the British market.

Mr Sage said: "The natural bristle has a split end which we love because it produces smoother paintwork. All down the length there are rough edges which hold the paint well, it comes back to shape when wet with paint and it is naturally tapering."

Synthetic brushes have made far greater inroads into the US, accounting for about 60 per cent of the market, but this is because the US broke off trading relations with China during the Korean war and only started importing bristle again in 1972.

The Chinese paintbrushes have proved popular in many large DIY outlets because a 2in-width brush sells for about 70p, less than half the price of a good quality British-made brush of the same size.

They are poorer quality, with fewer bristles, but they are cheap enough to be disposable after one job. A good quality brush can be washed with a proprietory cleaning agent and used again.

There is also the fear that if the Chinese can make brushes for the cheap end of the market, there is no reason why they cannot make them for the quality end. "Brush manufacture is not exactly high technology," said Mr Sage.

The BBMA says 40m paintbrushes were bought in the UK last year, at a total cost of £23m. Of that about half were imported. Of these imported brushes 14m, worth £2.1m, came from China. Other significant exporters to Britain included West Germany (1m units), Italy (1.4m), Ireland (0.8m) and Hong Kong (1.1m).

British companies exported 4.1m paintbrushes, valued at £1.6m, last year, but a worrying downward trend in production volumes has continued in the last eight years. British products had just over half the UK market in volume terms last year, nearly 85 per cent in value, whereas in 1980 they had 72.6 per cent in volume and 90 per cent in value.

The Hong Kong connection could be significant if the Chinese attempt to circumvent the dumping duties. A proportion of the Hong Kong paintbrushes are thought to be made in China and many more could come through this route in future. Another way round the duties would be to export brushes through a non-EC country.

China has four months to object to the provisional anti-dumping duty before the European Commission confirms its decision, which will stay in force for five years. British paintbrush makers believe China is unlikely to put up a strong case after violating its original undertaking.

Mr Derrick Mosley, joint managing director of Mosley Stone, of Stockport, the largest British maker of paintbrushes said: "If the Chinese industry had been properly controlled through Peking as it used to be, I think they would have stuck to their undertaking. The decentralisation has caused the problems."

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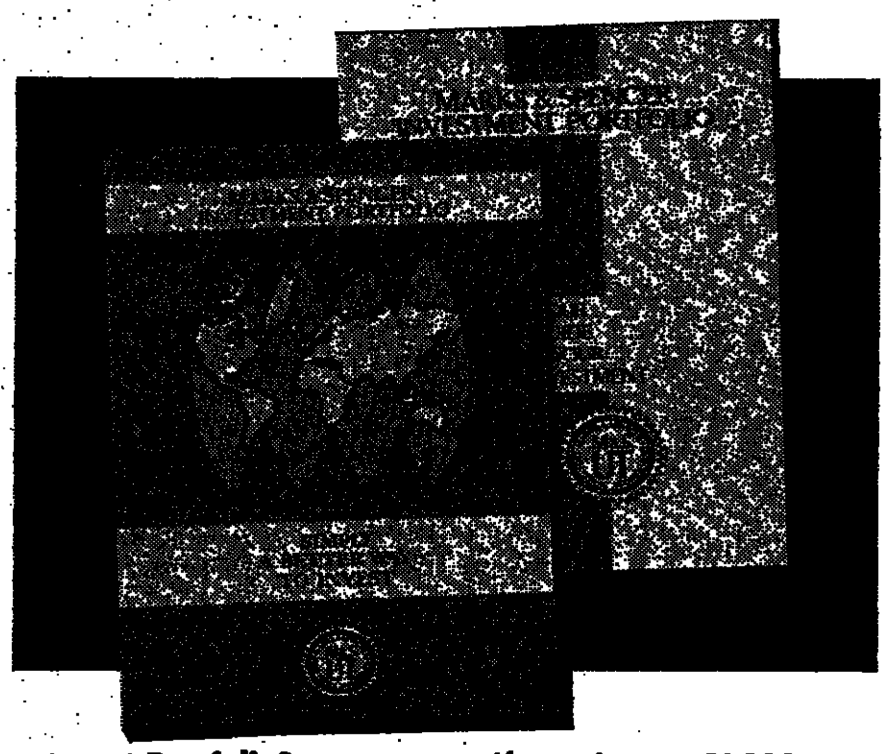

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MARKS & SPENCER

UK NEWS

Britain threatens to pull out of Europe TV pact

By Raymond Snoddy

THE GOVERNMENT yesterday warned the Council of Europe that it will not sign a proposed convention on trans-frontier television unless controversial rules on advertising are modified.

Mr Timothy Renton, the Home Office minister responsible for broadcasting, said in London that Britain could not accept regulations more restrictive than the UK was used to and which would effectively end advertising in natural breaks in programmes.

In the draft convention, feature films shown on television could, for instance, only be interrupted once by advertising, and other programmes only once for each complete 45 minutes. Mr Renton believes this would damage the ITV system.

He told a conference on the future of television organised by the Institute of European Trade and Technology: "If the current restrictions are not modified, the UK will not be prepared to ratify the convention. It would be too harmful to our broadcasting interests and the convention will be significantly weaker as a result."

A possible compromise which may allow Britain to sign the convention at a meeting of the 21 nations of the Council of Europe in Stockholm next month was held out yesterday.

Mr Andries Oversteegen, chairman of the Council of Europe steering committee drawing up the draft directive, said Britain should take a pragmatic approach.

He said it would be possible for Britain to enter a reservation to the convention which would allow the ITV companies to continue with the existing advertising system.

However, the Dutch civil servant emphasised that satellite television channels originating from Britain would have to meet the full requirements of the convention if they wanted a "passport" to all the cable networks of Europe.

The UK has suggested that the restrictions on advertising should either be relaxed or countries should have the option of choosing whether they wanted a system of natural break advertising or not.

Britain supports the concept of a convention so that a basic legal framework is in place to prevent the broadcasting of violent or pornographic programmes.

Mr Renton said yesterday that it would not be the end of the world if Britain did not participate in a convention.

Satellite services could be controlled by penalising those who were involved with offensive channels.

Timothy Renton: against more restrictions

Observer is fined £5,000 for story on Al Fayeds

By Raymond Hughes, Law Courts Correspondent

THE OBSERVER newspaper was yesterday fined £5,000 for contempt of court after admitting in the High Court that an article it published last June about the Al Fayed brothers breached an undertaking the paper had given to the court two years earlier.

Mr Donald Trelford, the editor, whose committal to jail had been sought by the Al Fayeds, was cleared of aiding and abetting the breach.

Mr Justice Michael Davies said he found it impossible to say it had been established that Mr Trelford, a distinguished journalist, had been guilty personally of contempt.

Mr Richard Rampton, QC, for the Al Fayeds, had complained that the article had alleged that Mr Mohammed Al Fayed, on behalf of his two brothers, had "wormed his way" into the confidence of the Sultan of Brunei and poisoned his mind against his other advisers.

It also alleged that Mr Mohammed Al Fayed had used his position of influence and control over the Sultan "to squeeze out almost unlimited control" over the Sultan's money, which he had used to buy House of Fraser without telling the Sultan.

The article, Mr Rampton said, breached the Observer's undertaking to the court in July, 1986, not to repeat an allegation that the Al Fayeds had "manipulated and/or exploited" the Sultan for their own ends, without giving the Al Fayeds seven days notice — to enable them to go to court to try to have publication of the allegation stopped.

The undertaking was given in a preliminary hearing in a libel action by the Al Fayeds which, like the article complained of, and the contempt proceedings, was part of the long-running battle between the Al Fayeds and Lonrho, the international conglomerate which owns the Observer, over House of Fraser.

Mr John Beveridge, QC, for the Observer and Mr Trelford, said yesterday that the newspaper admitted being in breach of the undertaking. However, he denied that Mr Trelford had aided and abetted the breach, saying that Mr Trelford had not known the terms of the undertaking.

Mr Justice Michael Davies said that the undertaking had never been put in writing and circulated formally among the parties, and he spoke of "the sloppiness" which seemed to have attended it.

He said that it was right to bear in mind the impeccable previous record of the Observer; the fact that procedures on the paper had now been tightened; that Mr Trelford had offered an unqualified apology and that there was no evidence of a risk of a repetition of the contempt.

It was not, the judge said, one of the worst cases of its kind or anything approaching it, and the whole picture could be reflected by a £5,000 fine on the Observer.

Clearing Mr Trelford of contempt, the judge said that the Al Fayeds had pointed to the Observer's connection with Lonrho and its chairman, Mr Tiny Rowland, and to the dispute between Lonrho and the Al Fayeds, and had said that the newspaper had perhaps been influenced and its judgment clouded.

Constitutionally, the judge said, the Observer was independent of its proprietor, and he rejected any suggestion, which he said would not be justified by the evidence, "that Mr Trelford in some way would simply do as he was told."

Royal Ordnance slims down for battle

Lynton McLain on the ammunition maker's painful adjustment to a competitive role

ROYAL ORDNANCE's announcement that it is to close the Patricroft munitions factory in Manchester and to cease the manufacture of explosives and propellants at Bishopton, near Glasgow, yesterday caused scenes reminiscent of industrial relations in the 1970s.

Hundreds of workers at the two factories staged a spontaneous walkout when told of the plans for closure. Mass meetings are planned for Monday at the 12 other RO plants.

With a total of 2,300 employees affected at the two plants — about a sixth of the total workforce — there was understandable dismay at the prospect of plant closures. Yet there had been warning signs since at least the summer that RO was being forced by the Ministry of Defence to make its explosives, propellants and ammunition products available at prices comparable with those in world markets.

When British Aerospace agreed to buy RO, the former state-owned arms and munitions organisation, in April last year, it signed agreements with the MoD which were to provide a basis for a long-term contract for the supply to the armed forces of explosives and related products.

These were to replace existing agreements between RO and the MoD that had existed in the days before the sale of RO to the private sector. Before this sale, RO was the ministry's in-house manufacturer and supplier of munitions, including raw materials such as explosives and finished products such as bullets, bombs and rocket products.

Royal Ordnance was in a class of its own. It prided itself on the quality of its arms and munitions but was not particularly successful abroad, although exports did account for 53 per cent of turnover in 1977-78. Generally, overseas customers found its products were just too expensive and exports sagged to 18 per cent of turnover in 1986.

The MoD took the bulk of the sales, which last year topped £514m. RO did not even have a properly constituted sales and marketing team in the period immediately before disposal.

The Government planned to float Royal Ordnance on the Stock Exchange, but the plan was abandoned in the summer of 1986. No official reason was given except that RO was not ready for the market. The market itself was unhappy about its being so dependent on a single customer.

British Aerospace bought Royal Ordnance while simultaneously agreeing with the MoD to do something about the high costs that had led to the increasingly sluggish export performance of the arms and munitions manufacturer.

The seemingly munificent agreement that BAe and the MoD had agreed in principle was designed to assure RO's continuing role as a major supplier of explosives and other related products to the British armed forces. Yet the strings attached by the MoD assured the Government that BAe would have to press for substantial improvements in the efficiency of RO operations after its sale to BAe.

The Ministry agreed to share with RO on a 50-50 basis the investment needed to help improve the efficiency and competitiveness of RO explosives and ammunition. This investment was £12m and had the effect of increasing the value of Royal Ordnance beyond the £190m BAe paid for the company.

The details of the long-term contract with the MoD took more than a year to resolve and were eventually announced by Mr Tim Sainsbury, the Minister for Defence Procurement, in July. BAe has a guarantee that the MoD will take some 80 per cent of its requirements for specified explosives, propellants and ammunition for the five years to the end of March 1993.

The value of the work is £400m and Mr Sainsbury said it would result in Royal Ordnance providing "something under 50 per cent of the MoD's anticipated (total) requirements for ammunition, mines and explosives over the period."

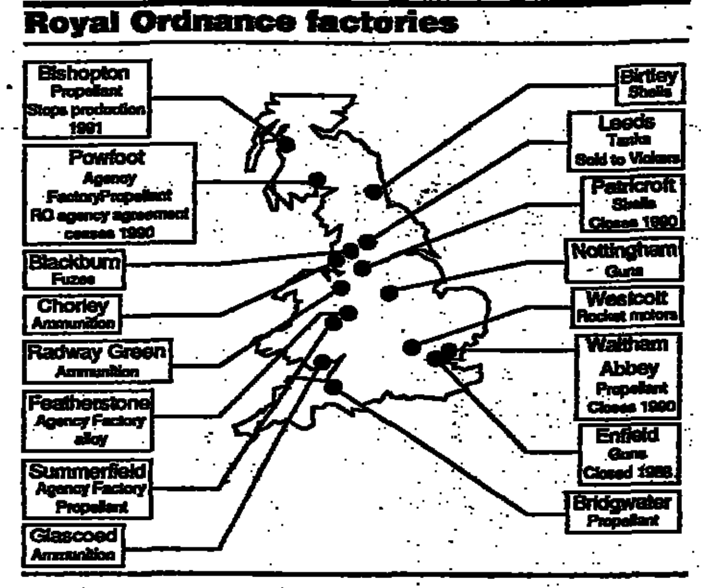
The sting in the tail of the agreement — for RO and BAe — was that RO agreed to annual reductions in the prices it would charge the ministry for the products over the next five years.

The demand for these price reductions led directly to the plant closures and redundancies announced yesterday. Without drastic rationalisation of underused and inefficient capacity at its explosives factory at Bishopton and at the ammunition products factory at Patricroft, Royal Ordnance would have simply been unable to meet the drop in prices demanded by the MoD.

The level of price reductions has not been disclosed, but RO said yesterday the aim was to achieve "world market prices" for its sales to the MoD at the end of the five years.

At the same time, Royal Ordnance is seeking to reverse its export fortunes. The company wants to lift exports from last year's 40 per cent of turnover to 60 per cent of turnover by 1991.

Royal Ordnance factories



Scottish agency 'will retain independence'

By James Buxton, Scottish Correspondent

MR MALCOLM Rifkind, the Scottish Secretary, attempted yesterday to dispel anxiety in Scotland that the independence of the Scottish Development Agency could be diminished in the Government's planned reorganisation of training and enterprise development in Scotland.

He told an audience of leading Scots that there was no question of the SDA, which works for the regeneration of the Scottish economy, being integrated into the Scottish Office. Nor would the Treasury extend its powers to limit the SDA's discretion on spending.

He confirmed that the Government intends to merge the SDA with the Scottish functions of the Training Commission to create a "single-door" organisation which would work to assist businessmen and provide training. It would operate through a number of local agencies in which the leading role would be played by businessmen.

The Government is preparing a consultation document on the scheme, which arose from an idea proposed by Mr Bill Hughes, chairman of the Confederation of British Industry in Scotland. The new body may be called Enterprise Scotland.

However there are fears within the SDA and among leading Scottish businessmen that the Government may use the reorganisation to reduce the independence of the SDA. Some believe the Government resents the success of the agency, an interventionist organisation founded by the Labour Party, and feel that the agency takes credit that ought to go to the Government.

These fears converged during a two-day conference in Aviemore of the Scottish Council Development and Industry, a widely representative body, which Mr Rifkind addressed yesterday.

He said fears about the future of the SDA were "totally groundless" and speculation was misplaced. He also said that the Highlands and Islands Development Board, another quango which operates in the north of Scotland, would not form part of the new body.

Mr Rifkind also clarified the Government's policy for introducing into Scotland the uniform business rate under which a single rates poundage will be levied on all businesses.

Scottish businessmen fear that because of difficulties in harmonising the different valuation systems north and south of the border the uniform business rate may come to Scotland later than in England and Wales, thus prolonging the situation under which many Scottish businesses pay much higher rates than their English equivalents.

He said the uniform business rate would come into effect in England and Wales in phases from 1990 onwards. The process of harmonising the two valuation systems, which will require legislation, was under way.

"I would expect Scotland to get the benefit of a common business-rate poundage at the same time as England and Wales."

Rebel plans thwarted by resolution

By David Barchard

A STUDIOUSLY vague resolution may have thwarted plans by rebel members of Abbey National building society to force an extraordinary general meeting to discuss its proposed conversion into a public company.

This emerged yesterday when members of AMAF, the group of Abbey National members opposing its flotation, visited its headquarters in London and talked with Sir Campbell Adamson, chairman.

The talks were called to enable Abbey National to explain to AMAF why earlier this week it had rejected calls for an extraordinary general meeting.

The society accepted that the basic procedures for convening an extraordinary meeting, by collecting the signatures of 100 members in good standing and presenting a surety of more than £2,500, had been correctly carried out.

However, Abbey National's lawyers took the view that none of the four resolutions it presented would have been legally binding upon the board if approved in a general meeting. There was therefore no need to convene the meeting.

One irony appears to be that had AMAF decided to present a simple resolution instructing the board not to continue with work on converting the society into a company, the meeting — which would have been potentially very damaging to the board's plans — might have gone ahead.

The time limit has now passed for calling an extraordinary general meeting of Abbey National before its next annual general meeting in the spring. In theory AMAF could now challenge the board's decision in the High Court but such a step may be beyond the resources of a society with less than 1,000 members.

Mr Alexander Sandison, vice-chairman of AMAF, said yesterday: "Abbey National knows that they have the resources to fight in the High Court and we don't."

He said the rebel group would be discussing the board's action with both the Building Societies Commission, the regulatory authority for the industry, and the Building Societies Ombudsman.

Star Chamber to settle disputes over spending

By Ralph Atkins, Economics Staff

THE GOVERNMENT is to set up the so-called Star Chamber to settle outstanding disputes over departmental spending in the next financial year, the Treasury confirmed yesterday.

The committee, chaired by Mr Cecil Parkinson, Energy Secretary, will be formed after next week's Conservative Party conference. Its job will be to hammer out agreement between spending ministers and the Treasury.

It will form the last stage of the annual round of public spending negotiations. Early in the summer, departmental bids were thought to exceed the Government's planning total by about £9bn but the Treasury is expected to seek to reduce that to no more than £3bn.

Details of meetings have yet to be finalised and ministers could resolve some disputes during the party conference in Brighton.

Last year, the Star Chamber was formally established but was not required to settle outstanding issues.

About eight departments are thought to have substantial issues still to be resolved. These are believed to include the Departments of Health and Social Security, Education, Defence, Transport and the Home Office.

Besides Mr Parkinson, the committee will also include Mr John Major, Chief Secretary to the Treasury. He is the minister responsible for public spending negotiations. Other members are likely to be ministers without responsibility for departments or who have already agreed plans with the Treasury.

Privatisation to go ahead

By Our Scottish Correspondent

THE GOVERNMENT is to press on with privatising the National Engineering Laboratory, in spite of yesterday's announcement that YARD, its preferred bidder, has withdrawn from negotiations with the Department of Trade and Industry.

YARD, the Glasgow-based engineering consultancy, said financial factors were among the stumbling blocks which had led to its withdrawal. It refused to elaborate.

Lord Young, Trade and Industry Secretary, decided in June to privatise the NEL, which is based at East Kilbride near Glasgow.

Nine organisations made bids, including the workforce of the laboratory. In August YARD was declared the DTI's preferred bidder.

It is believed that among the financial factors on which YARD was unable to reach agreement with the DTI was the level of transitional funding YARD wanted the Government to provide in the early years of the NEL being in the private sector.

YARD, which belongs to the Anglo-French Sema Group, said it was disappointed at the failure of the negotiations. It would have gone into a joint venture with the NEL's staff.

Atlantic routes go-ahead for private data services

By Terry Dodsworth, Industrial Editor

PRIVATE telecommunications companies will be allowed to offer customers virtually any data services they wish on transatlantic routes, following an agreement between the US and the British governments.

The accord, which follows a similar deal with the Japanese earlier this year, holds out the prospect of increasing competition and lower prices on the most intensively-used international telecommunications route in the world.

It is expected to give a further boost to the data transmission business, which has been expanding rapidly throughout the developed world in the wake of increasing international trade.

Private telephone service companies have grown up over the last few years by offering customers special, low-cost transmission provided over lines leased from the big national telephone operating groups. They are not allowed to transmit voice traffic but they are licensed to carry special informations services — known as value-added services — and they can offer some data transmission facilities.

The data services, however, have been operating under severe restrictions. Companies have had to seek special licences for these facilities on a case-by-case basis and these have only been granted among groups of companies with identical interests. They have been able to set up communication lines between the big international banks, for example but not between the banks and the Stock Exchange.

Under the accord, reached by the US State Department and the Department of Trade and Industry, private service companies will be able to offer whatever data service is in demand — an international facsimile service for example.

At present, facsimile messages are carried over the public switched network run by the national telephone companies. However, there will now be potential for a third party to offer special services in this field.

These services will be made easier by the large amount of additional telephone line capacity becoming available on the transatlantic route on fibre optic cables.

Scottish Amicable buys City building for £50m

By Paul Cheeseright, Property Correspondent

SCOTTISH Amicable Life Assurance yesterday made its biggest property purchase in the City of London when it agreed to pay British Rail Pension Fund £50m for the Bank of America building, near St Paul's Cathedral.

It has also signed the contracts to sell Nationwide Anglia building society a 55,000 sq ft building that it is developing on the eastern fringe of the City. The price probably approached £30m.

The purchase by Scottish Amicable comes against a background of growing concern that the strong City office property market may weaken over the next two years as an increasing number of developments are completed. Scottish Amicable had not been active recently in the City property market.

Mr David Hunter, Scottish Amicable's property manager, explained that the building had been bought as a standing investment offering a yield of 5.75 per cent which would increase on a rent review in 1991.

Bank of America is now paying a rent of about £30 a sq ft, considerably lower than current City rents.

Bank of America has a 10-year lease on the building, expiring in 1996, indicating that Scottish Amicable is ensured of a secure income stream even if the market weakens in about two years.

The 118,000 sq ft building faces Bracken House, the Financial Times headquarters, which was sold last year by Pearson to Ohbayashi, the Japanese group, for £143m — a price deemed extraordinary.

Former Times home sold

By Our Property Correspondent

THE FORMER home of The Times, near Kings Cross in central London, has changed hands for the third time since the newspaper moved east to Docklands. It has been bought by Central London Securities, a private property company representing a consortium of foreign investors, for £42m.

The seller was Chelsfield, another private company, which bought the building in March from Mountleigh, the property trading group, for £28m. Mountleigh had purchased the building in April last year for £22m from News International, proprietor of The Times.

The passing of properties from one company to another has been a characteristic of the feverish property market in central London.

This transaction, according to Mr John Purcell of Savills, the chartered surveyor which negotiated the purchase, reflects a spread northwards of investors' confidence, because of the planned redevelopment of Kings Cross railway station.

● Royal Mail Letters has sold a vacant site of two acres in the Victoria district of London's West End to the Declan Kelly group for £25.8m. The site has outline planning consent for offices and homes.

Commercial vehicle sales rise to record level for September

By Kevin Done, Motor Industry Correspondent

SALES OF commercial vehicles in the UK increased by 11.49 per cent in September to 32,009 units, a record total for the month, according to figures released by the Society of Motor Manufacturers and Traders.

For the first nine months commercial vehicle sales at 274,051 units were 13.57 per cent higher than a year ago and are poised to reach a record for the second successive year.

Commercial vehicle sales totalled 312,750 units in 1987, and the motor industry now expects sales to reach about 347,500 this year, with all three sectors of small vans, medium vans and trucks (above 3.5 tonnes gross vehicle weight) expanding strongly.

UK-based commercial vehicle makers have so far withstood the challenge from imported vehicles much more successfully than car makers, but the share of imports is also growing in this sector with imported vehicles taking 40.39 per cent of the total market in the first three quarters, compared with 38.13 per cent a year ago.

Sales of trucks jumped by 18.2 per cent in the first nine months to 51,898 units.

Iveco Ford has consolidated its market leadership, increasing its share in the first nine months to 24.87 per cent from 23.23 per cent a year ago.

Leyland Daf, UK subsidiary of Daf of the Netherlands, which vied for market leadership last year, has fallen 2 percentage points behind Iveco Ford with a virtually unchanged market share after the first nine months of 22.4 per cent.

It has been outpaced not only by Iveco Ford, which has increased sales this year by 26.5 per cent, but also by Mercedes-Benz, which has seen sales rise by 24.72 per cent.

ERF, the small independent UK heavy truck maker, has emerged as the star performer this year, however, raising its sales volume by 66 per cent.

The main loser is Renault Truck Industries, which suffered a 7.45 per cent fall in sales volume, as a result of a sharp decline in midi-bus sales and its overdependence on public sector customers.

Imported commercial vehicles made the biggest inroads in the medium vans segment, where Nissan of Japan, Peugeot, including Citroen and Talbot, Renault of France, and Mercedes-Benz of West Germany, all outperformed the market.

The import surge has been led by Nissan with a jump in sales volume of 48.1 per cent with both Bedford (General Motors) and Freight Rover (Daf) conceding market share.

In the small van sector by contrast, Bedford has expanded most strongly with a 19.1 per cent increase in sales.

However, its leadership of the sector in the early part of the year has been ended by Ford which is making up lost ground in car-derived vans after its February strike.

UK COMMERCIAL VEHICLE REGISTRATIONS JAN-SEPT 1988

	Volume (Units)	Volume Change (%)	Share (%) Jan-Sept 88	Share (%) Jan-Sept 87
Total Market*	274,051	+13.57	100.00	100.00
Imports	110,701	+20.33	40.39	38.13
Small vans (up to 1.8 tonnes)				
Total	89,846	+12.31	100.00	100.00
Imports	25,908	+7.54	28.84	30.12
Ford	28,024	+8.33	31.19	32.34
GM (Bedford)	24,391	+19.14	27.15	25.59
Rover Group	14,848	+10.65	16.53	16.77
Peugeot	7,179	+18.82	7.99	7.55
Renault	4,964	+14.46	5.53	5.42
Medium Vans (1.81–3.5 tonnes)				
Total	116,053	+11.39	100.00	100.00
Imports	53,904	+25.60	46.45	41.16
Ford	47,636	+9.23	41.05	41.82
DAF (Freight Rover)	13,069	+0.44	11.26	12.48
Renault	9,335	+24.09	8.04	7.21
Nissan	8,925	+48.11	7.69	5.78
Peugeot	7,483	+33.98	6.45	5.36
Mercedes-Benz	6,493	+18.55	5.59	5.25
GM (Bedford)	6,425	-15.04	5.54	7.25
Trucks (over 3.5 tonnes)				
Total	51,898	+18.21	100.00	100.00
Imports	21,131	+18.41	40.72	40.65
Iveco Ford	12,908	+26.55	24.87	23.23
DAF (Leyland DAF)	11,644	+17.21	22.44	22.63
Mercedes-Benz	7,865	+24.72	15.15	14.36
Volvo	5,248	+13.69	10.11	10.51
Renault (RTI)	3,516	-7.45	6.77	8.65
ERF	2,816	+65.94	5.43	3.87

*Includes buses and light four wheel drive utility vehicles.
Source: Society of Motor Manufacturers and Traders.

Tighter credit licence plea

By David Barchard

THE PRESIDENT of the Chartered Institute of Bankers yesterday called on the Office of Fair Trading to tighten the issuing of credit licences to reduce the incidence of personal debt.

Mr John Brooks, who is also deputy chief executive of Midland Bank, said that possession of a credit card issued by a bank was often taken by other lenders to be sufficient justification for extending credit without looking closely at the individual concerned.

"The number of lending institutions and sources of credit have multiplied out of all recognition," he said.

Mr Brooks' speech to the Leeds branch of the Institute of Bankers is the most forthright contribution so far by a banker to the debate on consumer credit and its abuse.

He said the growth in the number of credit lenders had been encouraged by the Government and had generally been welcomed by the consumer movement. The savings ratio had fallen from 10 per cent in 1977 to 5.5 per cent last year, and the £5bn personal sector surplus of ten years ago had become a deficit of £7bn. However, the growth in credit did not necessarily represent consumer extravagance.

Paint group to close factory

By Joel Kibazo

KALON GROUP, the West Yorkshire-based paints and chemicals company, yesterday announced the closure of its factory at Leyland, Lancashire — home of its Leyland brand name.

Most of the Leyland operation is to be transferred to the group's headquarters at Birstall, Batley, and the company hopes the move will be complete by April.

The Leyland site is the sales and administration centre for Leyland Paint, comprising a trade sales force and a trade centre network of 40 sites. These functions will be transferred to Birstall from January and will continue under the Leyland Paint banner. The Leyland brand name will remain.

Most of the 140 staff employed at Leyland are expected to move to Birstall but Kalon has said a number of redundancies will be necessary.

Staff at Lloyds Bank are advised to ban overtime

By Michael Smith, Labour Staff

CLERICAL STAFF in Lloyds Bank are to be advised by their unions to ban overtime in protest at the bank's decision to extend opening hours.

Bifu, the financial services union, and the Lloyds Bank Group Staff Union are to ballot their clerical members in the bank's branches next week.

If their advice was followed, the staff union would begin its action on October 17, the date on which Lloyds intends to close its branches an hour later than the present 3.30pm. Bifu's overtime ban would start later in the week.

The unions say that the action would harm the bank's administration rather than services to customers. Lloyds said yesterday that the last overtime ban, in 1987, caused internal disruption but had a negligible effect on customers.

Lloyds, the first bank in nearly 20 years to announce a long extension of hours in all of its branches, has no plans to recruit extra staff.

It says the extension will not affect the 35-hour week which employees work and that it does not plan to recruit extra staff initially. "We want to see how it operates," the bank said yesterday. "If there are problems we will gladly sit down and talk."

Bifu and the staff union staff are annoyed about the bank's failure to consult them before announcing the extension. They also fear that it will lead to more working hours without extra payment.

Overtime is paid only when staff work more than half an hour past their normal leaving time. The unions believe the amount of unpaid overtime will increase as a result of the hours extension.

Mr Ian Partridge, general secretary of the staff union, said members supported moves to improve the competitive position of the bank provided they were not adversely affected. "The problem is there is no apparent concern for staff," he said.

Mr Colin Moore, Bifu assistant general secretary, said staff were more angry about the hours issue than any other in recent years.

The unions draw comfort from the fact that last year's overtime ban of six weeks was followed by an increase of 2 percentage points in the bank's annual pay award.

Job-sharing a success, says survey

By Jimmy Burns, Labour Staff

ADVANTAGES of job-sharing in terms of satisfaction for employees and efficiency in their companies emerge from an Industrial Society survey.

It was based on case studies in seven companies where employees shared a single post. The researchers of the survey, Ms Patricia Lighton and Ms Marlene Winfield of the Essex Institute of Higher Education, found that all the job shares proved a success for the sharers and their companies.

Two of the seven job shares had led to "highly efficient working procedures," and most had proved effective even where some "tensions and uncertainties" had developed.

Some of the job sharers felt unsure or marginal at the workplace. "They lacked feedback on the efficiency of the job share arrangements," the researchers stated.

"It is important that in all discussions job sharing is presented as a benefit and is not apologised for as a likely handicap," they said.

Training, promotion and recruitment remained "thorny issues" for job sharers and were capable of fuelling discontent, the researchers found.

The main unresolved problem was job security. The authors of the survey said organisations needed to work much harder at clarifying and strengthening internal communication.

Job sharers were found to be very able employees, aware of the implications of their working as job sharers and capable of spotting and correcting shortcomings.

The Essex study found evidence of union worries that job sharing risked diluting the workforce and leading to a decline in full-time jobs which some union officials saw as a priority.

One job sharer was "most dismissive," after complaining that union officials has refused to accept her wish to work part-time. Nevertheless the researchers concluded that there had been "no significant difficulties in industrial relations and collective bargaining" because of job sharing in any of the seven organisations.

They stated: "Both personnel managers and trade union officials expressed themselves satisfied that the practical issues of job sharing regarding pay and other terms of employment had been resolved, though sometimes after lengthy negotiations."

"Does job sharing work?" The Industrial Society, 3 Carlton House Terrace, London SW1Y 5DG.

Drive against docks scheme to intensify

By Jimmy Burns and John Gapper

PORT employers and their supporters in the Conservative Party are to step up their campaign to end the jobs-for-life National Dock Labour Scheme.

Their decision came after registered dockers had voted to reject their union's recommendation for a strike in a dispute about holiday entitlements. The ballot result was the first time dockers had rejected a strike call from their union leaders.

Mr Nicholas Finney, director of the National Association of Port Employers, said the ballot result indicated that "the days of automatic support for any national call for strike action in the docks are over."

One of the main reasons why the Government has resisted calls to abolish the scheme is believed to be concern that it would lead to serious disruption in ports.

Officials of the association say the ballot result means that any future industrial action would be limited in scope.

Mr John Connolly, national secretary of the TGWU transport union, said the ballot was about an "unrelated" issue. The results did not affect the future of the controversial labour scheme.

The union said it would not release details of the ballot until Monday. It confirmed that the strike call had been lost narrowly. Mr Connolly said: "If anyone thinks this ballot result is going to reflect on the scheme then they don't know about the industry."

He said that while he did not wish to engage in "sabre rattling," the union's position remained that it would call a national strike if the scheme was abolished.

Port employers and Mr Leon Brittan, the former Cabinet minister, are to hold a fringe meeting against the scheme at next week's Conservative Party conference.

Earlier this week the National Association of British Chambers of Commerce supported abolition, and said the scheme was outdated and damaging to businesses and local communities.

This week's ballot was called after union leaders had rejected an employers' offer based on an improved annual holiday entitlement from 22 days to 28 days. Union leaders had pressed for 30 days.

Jaguar reports that 80% have returned after strike

By Richard Tomkins, Midlands Correspondent

MOST of Jaguar's 3,500 assembly workers reported for duty at the company's Browns Lane plant yesterday after an interim solution of the dispute that prompted a walkout on Wednesday.

Jaguar said about 80 per cent of the hourly-paid workers had returned. The rest were expected on Monday, when assembly work would begin. Those in the plant yesterday worked on routine stocktaking.

The dispute began when the management moved an employee from one area of work to another against his will. Unions said the transfer breached a last-in, first-out agreement.

A return to work has been agreed on the basis that the man should return to his old area of work during discussions about his future. The unions dispute the management's claim that an offer on that basis had been made before the strike.

Jaguar has had to reorganise production at the plant over the last few months in response to a decline in north American sales caused by unfavourable exchange rates.

Mr Tony Russell, plant convenor for the AEU engineering union, said more than 100 employee transfers had taken place in the plant. "Up till now they have all gone through by mutual agreement," he said. "But this seems to be one that the company stuck on, and it just blew up."

Lucas dispute deepening

By Richard Tomkins

A STRIKE involving nearly 300 workers at Lucas Aerospace's Read Street plant in Coventry, West Midlands, entered its third week yesterday with the dispute apparently intensifying.

Unions are threatening to call a meeting of the combined Lucas shop stewards' committee unless there is movement from the management soon.

They also plan to seek support from workers at Lucas Aerospace's customers in the US.

The management wrote to all workers yesterday calling for an end to an overtime ban as a priority.

Police rent allowances for arbitration

By Michael Smith

A DISPUTE about police rent allowances has been referred to arbitration because police and local authority negotiators have failed to agree a deal.

The two sides are continuing discussions on the employers' proposals to abolish London allowances for new recruits and redistribute the money saved among existing officers.

Rent allowances and London allowances are two of three significant outstanding issues to be resolved on police terms after an agreement to raise pay for all existing officers by 8.5 per cent.

The third concerns plans by local authorities to stop paying medical fees incurred by officers when they are not related to illness or injury sustained at work.

The rent dispute has arisen because of the employers' proposals to stop paying the rates element of the payments because rates are to be replaced by the poll tax.

Council reviews recognition of EETPU

By John Gapper, Labour Staff

LEADERS of Manchester City Council are to seek advice from their TUC-affiliated unions next week about measures against the EETPU electricians' union, including possible withdrawal of recognition.

If adopted, it would be one of the first moves by an employer against the EETPU after the union's expulsion from the TUC last month.

The Labour-controlled council passed a resolution earlier this week saying that it "attached particular importance" to agreements with TUC-affiliated unions, expressing interest in the EPIU electricians' union, a breakaway from the EETPU.

Mr Graham Stringer, council leader, said the council's attitude towards the EETPU would be strongly influenced by the attitudes of leaders of the 31 other unions recognised by the council, and particularly those working alongside the EETPU.

The council's motion implied that it might be willing to recognise the EPIU – a union formed by dissident members of the EETPU – in place of the EETPU. There are doubts about whether the council's other unions would back such recognition.

Mr Stringer said several other unions in the city had already established "holding branches" which disillusioned members of the EETPU could join as a preliminary step in the process of transferring their membership.

Privatised water services 'to be ended'

WATER undertakings privatised by the Government should be returned to public ownership and control "as a matter of priority," when Labour returns to power, Mr John Cunningham, the shadow Environment Secretary, told the conference.

Delegates approved a composite resolution condemning the proposals to privatise water services and plans to introduce compulsory water metering for domestic consumers.

Mr Cunningham claimed that the Government's proposals would lead to the creation of massive private monopolies and to lower standards of drinking and bathing water.

Reports by Michael Cassell, Ivor Owen and Tom Lynch
Picture by Ashley Ashwood

To applause, he maintained that to put profits before the public interest meant taking a "reckless gamble with the health and well-being of the British people."

Mr Cunningham maintained that the water industry should be publicly owned and controlled and accountable to the people at both regional and national level.

Mr Cunningham, opening a wide-ranging debate on environmental issues, dismissed the recent concern expressed by Mrs Margaret Thatcher, the Prime Minister, as "entirely bogus."

Britain, after nine years of Conservative government, was saddled with an abysmal list of environmental policy failures and one of the worst records in Europe.

He called for a freedom of information act to ensure that people were informed of developing threats to water supplies, the atmosphere, and the seas.

The Government, he said, should initiate European progress in pollution control and global action to avoid incipient threats to fragile ecosystems and cultures.

Mr Cunningham insisted: "We must halt the sinister momentum of environmental damage."

Mr Garfield Davies of the shop workers' union, Usdaw, warned of the danger that the development of out-of-town hypermarkets would result in run-down and derelict high streets.

He also opposed the scrapping of controls on Sunday trading and criticised the party managers for allowing the Shopping Hours Reform Council – advocates of deregulation and "handmaidens of Mrs Thatcher" – to occupy a stand in the Winter Gardens complex, where the conference was staged.

Mr Mick Green of Birmingham Edgbaston accused the Government of being prepared to sell off water industry assets worth £28bn for £7bn.

Provision for repayments of outstanding debt, he said, could mean that the actual amount left to the Exchequer from the sale would be £2bn.

Miss Joan Walley, MP for Stoke-on-Trent North, underlined the growing interest in environmental issues at Westminster by disclosing that 44 Labour MPs were members of the parliamentary group of the Socialist Environment and Resources Association.

Call to face up to concerns of rural voters

LABOUR has to win rural votes if it is to form another government, several delegates from the English shires told the conference.

Ms Joan Maynard (Richmond, Yorkshire), a former MP, said 70-80 marginal seats each included 3,000 or more rural voters. "We are not going to win them unless we show rural people we really care about the problems facing them."

Delegates backed a motion calling for increased job and wage protection for agricultural and other rural workers, an end to tied cottages, a council house building programme and more starter and small farms. They instructed the NEC to set up a sub-committee of the policy review group to include members co-opted from rural areas.

Mr Frank Jordan (North Cornwall) told delegates: "It is no good trying to persuade people to vote Labour if all they can see is a policy with inner-city urban area written all over it."

Labour must make its policies relevant to the rural areas.

"If we do not, we're abandoning people to market forces. We are saying they are electorally not viable and we will leave them to the mercy of capital and those who control it."

Voters 'will suspend judgment'

MR Neil Kinnock, the Labour leader, yesterday acknowledged that this week's internal disagreements over defence policy meant many potential Labour voters would "suspend judgment" on the party until it had resolved the issue.

His remarks came less than 24 hours after his party had rejected a leadership-backed motion embracing the possibility of achieving its non-nuclear objectives by unilateral, bilateral or multilateral means.

Speaking on the final day of his party's conference at Blackpool, Mr Kinnock said Labour had to formulate a policy which offered an absolute assurance to the British people that it would effectively defend the country while advancing the cause of nuclear disarmament.

He claimed that the electorate would, in the absence of "evasions and other diversions", support Labour, in much greater numbers once reassured that the party could be trusted with the defence and the economy of Britain.

He added: "More people want to vote Labour. This week, because of the last couple of days, people will still suspend their judgment. But they are going to be persuaded."

Mr Kinnock expressed his confidence that, despite their leading role this week in reinforcing Labour's commitment to unilateral nuclear disarmament, the unions' understanding of the need for party unity was growing.

Earlier Mr Larry Whitty, the general secretary, appealed for party unity.

To applause, he said: "The leadership deserves the trust of the members and the members deserve the trust of the leadership."

Mr Whitty's appeal followed further bad-tempered clashes between hard-left opponents of changes seen as concessions to Thatcherism and supporters of Mr Neil Kinnock's attempt to modernise the party to facilitate a return to government.

Mr Alan Williams from Ynys Mon (the Isle of Anglesey) had to run the gauntlet of jeers and shouts when he attacked the role played by Mr Ron Todd, the leader of the Transport and General Workers' Union, in embarrassing Mr Kinnock.

He said the party did not need trade union officers supporting proposals in the conference hall and then "playing Judas to the media at fringe meetings."

As the hard-left elements in the the constituency parties section of the hall shouted objections, Mr Williams retorted: "We don't need lectures on socialist principles from some of the rebels over there."

He accused them of "screaming and shouting" whenever they heard arguments they did not like and attempting to intimidate one woman delegate who wanted to express views contrary to theirs.

Mr Whitty stressed that the policy review would continue into next year and the views expressed by the conference would be taken into account.

He described the Labour Party as a "movement for change" and seized on a comment by Mr Tony Benn, who was unsuccessful in his challenge for the party leadership, to reinforce the case for unity.

He recalled that Mr Benn had said that the party was at its most effective when left and right worked together.

Time to wind up: Neil Kinnock with his wife checks his watch as the conference ends

The new model party takes shape

Labour's pains and progress summed up by Michael Cassell

NOT for the first time a Labour Party conference has begun in high spirits and ended in what the voting public is likely to regard as another good old, socialist shambles.

It was barely 48 hours after Mr Neil Kinnock and Mr Roy Hattersley, his deputy, had decisively snuffed out the smouldering challenge from the hard left that they were facing another setback to the principal task of reshaping their party's electoral appeal.

On Sunday, the "dream ticket" won a mandate whose size surprised even optimistic Kinnockites. Most encouraging was the strength of grassroots support.

Monday saw Mr Kinnock's grip on the party's national executive endorsed, although the prospect of Mr Dennis Skinner, one of the leadership's most vociferous left-wing critics, chairing the NEC and parts of next year's conference is intriguing.

By Tuesday, Mr Kinnock was spelling out the direction in which he said he was now going to take his party. The way ahead lay in rejecting Tory greed, combining social justice with economic efficiency, embracing and improving the market economy, caring for an endangered environment and accepting a European market with an important social dimension.

As he spoke, the voices of opposition were already rallying, with Mr Rod Todd of the Transport and General Workers' Union, having thrown his 1.25m votes behind the party's statement of aims and values, proceeding to launch a broadside at the party's modernisers.

Mr Kinnock really should insist on moving his keynote address from the start of the week to the end, so that he cannot be upstaged so easily.

By Tuesday night, the Labour leader was confessing "bewilderment" at Mr Todd's tactics. In a depressingly familiar re-run of the summer months, Mr Hattersley was forced to employ the same images of temporary distractions which he used to see off deputy leadership opponents.

On Thursday, the defence issue reached the floor of the Winter Gardens and the leadership braced itself to see whether it could win support for a motion which included the possibility of bilateral and multilateral initiatives to secure a non-nuclear defence stance within Nato.

It lost, courtesy of Mr Todd and some of his union colleagues. The result was at once played down by a leadership which said it could only be regarded as some sort of defeat if it was assumed that conclusions on defence strategy had already been reached.

Mr Gerald Kaufman, the shadow Foreign Secretary and joint convener of the party's defence working party, swung into action to stress that no work would even be started on the issue until next spring; no decisions had been taken, no lines had been agreed; all options remained open.

Had it been passed, he suggested, the leadership-backed motion would have had no more impact on the party's deliberations than those which succeeded.

Nothing, Mr Kaufman added, had changed as a result of Thursday's vote. The outside observer might, therefore, conclude that it would have been far more sensible if the party had skipped the issue altogether this year and saved its passion until it had something to attack or defend.

It is now clear how the leadership intends to tackle the defence dilemma in the coming months. Mr Kaufman and Mr Martin O'Neill, the party's defence spokesman, intend to visit Moscow and Washington later this year and Mr Kinnock expects to go to see Mr Gorbachev early next year.

The message which emerged yesterday and which is likely to be increasingly deployed is that unilateralism is somehow selfish. Britain, Mr Kaufman told delegates, could simply and speedily divest itself of nuclear weapons or it could use its nuclear arsenal in support of a more ambitious challenge to achieve a non-nuclear world.

If the Labour leadership can, by next year's critical conference, hold out the firm promise of an Anglo-Soviet arms deal ridding Britain of its nuclear stockpile in return for a disproportionately larger cut in the Soviet stockpile, it could sway the internal debate and claim it has a credible strategy for the electorate.

Despite the unscripted diversion on defence, however, the party leadership is not at all unhappy with the broader progress made at this week's conference. The seven policy review documents which represent the basis for the party's policy modernisation programme all went through while important rule changes aimed at further democratising the party were also accepted.

The defence row seems certain to sharpen the argument for further changes in party structure designed to enhance the decision-making powers of the individual and to diminish the power and influence of the block vote.

This week's conference clearly demonstrated that progress towards greater internal democracy – with its potential impact on the party's ability to formulate winning policies – is gathering momentum.

The liberalising process went further on Wednesday when delegates pushed through an instruction to the party executive to rethink the conference voting structure in a way which will reduce the dominance of the trade union block vote in favour of the constituencies.

Such a move, which could double the constituencies' voting strength from their present 10 per cent, is regarded by its supporters as an essential move to create a mass membership party within which people feel they can retain an important say.

Neither Mr Kinnock nor Mr Hattersley has gone so far as to suggest that the block vote should be dismantled and indeed, without it, a centre-right leadership could have seen the statement of aims and values voted down by hard-left activists.

The leadership regards the unions as an integral and indivisible part of the movement but any talk of eroding their influence, a possibility already acknowledged by some leading trade union figures, is premature before the one-member, one-vote principle has been extended further into the ranks of a moderate, mass membership.

From now on, there will one member, one vote for the election of the party leader and deputy leader.

MR NEIL KINNOCK, the Labour leader, yesterday accused the conference of providing ammunition for newspapers which were looking for opportunities to attack the party.

In his end-of-conference remarks, the day after his defeat on defence policy, Mr Kinnock said that many actions by the press were unfair but "from time to time we do ask for it, don't we ?"

Labour was striving to transform a society in which a few rich people wielded a great deal of influence and in which many ordinary people retained the prejudices of the past. "Why, why, why do we sometimes damage, undermine, weaken ourselves by the way we act? Don't do the press's work for it."

Reacting to constituency delegates who have repeatedly told the leadership this week that it should be fighting for ordinary people, Mr Kinnock said: "The ordinary people of our country do want us fighting for them.

"There is only one thing. They like a little bit more than us fighting for them, fighting for them, fighting for them, and that's us winning for them, winning for them, winning for them."

Private tenants 'to have right to choose landlord'

LABOUR would give private tenants the right to choose a new landlord, Mr Clive Soley, Labour's housing spokesman in the Commons, told the conference.

Mr Soley explained later that he envisaged a tenant-led system based on a ballot of tenants in a building which would allow them to opt for a local authority, a housing association, a co-operative or another private landlord.

He said property would be transferred to the new owner at a market price, with an independent arbitrator to settle disagreements. The proposal is aimed at allowing tenants to escape from a landlord who harasses them or neglects the building.

In his conference speech, Mr Soley contrasted his "real tenants' choice" with the Government's proposal to allow local authority tenants to opt for a private-sector landlord on a ballot majority.

Mr Soley described housing as a "national crisis" which could be solved only by a reform of housing finance. "The present system is unfair to tenants and to first-time buyers and people seeking to trade up when they have children. This is wrong.

"What we want in its place is a fair system which makes it easier for people to switch from renting to buying and back again at different points in their lives."

Options under discussion within the party include changes to the housing benefit system, targeting mortgage interest tax relief to first-time buyers, measures to curb house price inflation, reform of the house purchase system and a major programme of house-building and repair.

Delegates overwhelmingly backed a motion calling for more housing for rent, the encouragement of co-operative housing and more social ownership in the housing and construction industry based on expanding council direct labour organisations and creating a national building corporation.

A motion calling for a £46bn grant to councils to bring all housing up to standard and for a publicly-owned construction industry to build 1m homes a year was defeated.

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When deficits matter

LONG BEFORE becoming Britain's longest serving post-war Chancellor of the Exchequer, Mr Nigel Lawson was a thinking man's journalist. As a journalist, he knows that today's great thoughts are tomorrow's wrapping for fish and chips. Like most intellectuals he is inclined to camouflage tactical convenience behind expressions of high principle. So it is tempting to ridicule the Chancellor's defence of current account deficits, in general, and the UK current account deficit, in particular, as invention born of necessity. The reaction is unfair. Mr Lawson's remarks deserve serious attention.

The Chancellor makes four points. First, so-called balance of payments "imbalances" are both inevitable and desirable. Secondly, it makes a fundamental difference whether the source of a current account deficit is public or private borrowing. Thirdly, the role of the public sector is to look after its own finances and ensure that the environment within which the private sector makes its decisions is an appropriate one. Finally, the public sector surplus or deficit should be adjusted to take account of the behaviour of the private sector only if the accumulation of external debt looks likely to undermine creditworthiness in the long term.

On the first of these points his position is strong. What is surprising about the 1980s is not that the "imbalances" have been so large, but that they have been so small. During the last period when there were no controls on international capital flows, that before the First World War, half of the UK's national savings were exported in some years. If Japan had followed that example, its current account surpluses would have been over $250bn in the peak year of 1986, not the relatively paltry $86bn actually seen. To liberalise international capital flows with one hand and manipulate fiscal policy to eliminate the resulting "imbalances" with the other hand looks perverse.

Simple answer

Then why might it matter whether the source of the deficit is net borrowing by the public instead of the private sector? The simple answer is that the public sector can inflate its way out of its debts, while the private sector cannot. This being known, lenders will panic over public sector deficits at some point, making certain the inflation and depreciation that they fear.

It is true that only the public sector can inflate; but the private sector can go bankrupt, as creditors of the Chilean banks can testify. The reason for that widespread bankruptcy was a mistaken exchange rate policy. Indeed, a policy mistake is always the cause of general private sector insolvency. So governments are invisible parties in all supposedly private borrowing and lending. The difference between public and private borrowing is one of degree, not of kind. Even the Government of the UK may choose inflation if it sees mortgage rates at over 15 per cent and a house price collapse as the alternative.

Political risks

Any lending across frontiers involves special political risks. The risks can be diminished by a credibly fixed exchange rate and no possibility of exchange controls. None the less, a sovereign government can never make an entirely credible pre-commitment to such constraints. Even the UK went off gold in 1932. So all international lending is subject to panic.

That the UK public sector is in surplus, while that of the US is in deficit, is not as fundamental a difference as the Chancellor suggests. What matters, as the Chancellor rightly stresses, is the policy environment, for which the Government is always responsible. But key aspects of policy lack clarity, largely because of public disputes between the Chancellor and the Prime Minister.

So should the Government try to offset the private sector's net borrowing? If it could convince everyone that uncontrolled depreciation is out of the question, then the sole reason for doing so would be concern about the implications for growth of a low rate of national savings. The more uncertainty about exchange rate policy, however, the more concerned the Government must be about a lenders' panic. The most important difference between the US and the UK may even be unfavourable to the UK. It is that the central banks of the rest of the world were prepared to finance the US deficit rather than allow the dollar to collapse in such a panic.

The Chancellor's rationalisation of deficits is intriguing, but the UK deficit remains risky. What he needs is either an increase in the credibility of his exchange rate policy or a fiscal policy that offsets the low savings of the private sector. This is the choice he should present to the Prime Minister: full membership of the European Monetary System or a truly hair-shirt budget in 1989.

John Lloyd reflects on 20 years of "The Troubles" in Northern Ireland

Epitaph for a doomed campaign

In the 20 years since groups of people unfurled banners in Northern Ireland in the name of civil rights, these finest of words have suffered the cruellest of destinies. They have been suborned and twisted. They have been used to mask terror and pervert idealism. They have been loaded into the magazine of an Armalite or stuck, at the end of a sensitive little trigger, under the hood of a car.

Brian Garrett, a Belfast lawyer and, in the 1960s, chairman of the Northern Ireland Labour Party (NILP), which pursued a progressive non-sectarianism to its own extinction, told a Queens University seminar on civil rights last week: "Most people who believed in reform no longer believe it. That was the greatest casualty of two decades."

What the civil rights marchers and protesters said they wanted, they got. Mr Garrett says they got civil rights, formally, within a year. John Hume, leader of the Social Democratic and Labour Party, says that so much has been won from the British that in some fields – notably public housing – the province outstrips the mainland. Even the bias against Catholics in the jobs market, he says, can no longer be laid largely at the door of Protestant bigotry: "In honesty a great deal of progress on this front has been prevented by the (IRA) campaign of violence."

What was held by the supporters of civil rights to be the insupportable apparatus of repression of the "Orange State" has been swept away. The Stormont parliament, the summit of Unionist rule, is long gone. The Unionists themselves are shattered and rudderless in the wake of the three-year-old Anglo-Irish Agreement.

Yet the violence continues, now quite clearly in support of national rather than civil rights. The "68 Committee" formed to celebrate the 20th anniversary, formalises that recognition in its slogan: "No civil rights without national rights." Militant Nationalism is now too cocky to depend on subterfuge. Terror is reaching a higher and more murderous level this year than for a decade. The availability to the IRA of the new highly portable and powerful Semtex explosive augurs a hideous future. Rev Ian Paisley, the "Big Man", at 62 still at the centre of Protestant working class politics, says: "I have never seen such alienation between the two communities as now: never in all my time."

Could it have been different, after all? Was Nationalism – of which one manifestation has been the terrorism of the IRA - inscribed into it from its very beginning, as many Unionists then believed and now believe even more?

For militant Republicans, the answer was and remains clear. "The last 20 years have shown that the (Northern Irish) state doesn't work," says Bernadette McAliskey (formerly Devlin), the Pasionara of the civil rights movement and a militant still. Says Fergus O'Hare of the '68 Committee: "To put the blame on those who went out to peacefully protest for basic justice is to oppose what these people were demanding." The beatings and arrests which the protestors met were a lesson which taught the unreformability of the state. "The only way to get reforms was to end partition."

The constitutional Nationalists share some of this historicism. John Hume also points to the "hard lessons" learned by civil rights demonstrators in the late 1960s and particularly to the murder, burning and terror which Loyalists visited on Catholic Bombay Street, in Belfast, in 1969, which provided the largest spur to the creation of the provisional IRA. He does not accept that the movement began life as a captive to Nationalist interests. He, and many others, stress the dormant condition of the IRA at the time (it had given up a six-year armed campaign in 1962) and its concentration on social issues under a new, Communist-leaning leadership. "Nationalists at the time had evolved a completely different approach."

But in that different approach one can already see the blurring of national and civil rights. Austin Currie, a colleague of Hume's in the SDLP, was the young Nationalist Stormont MP who in 1967 dramatised housing discrimination by squatting in a council house in Caledon. (It had been assigned to a senior Unionist's secretary, a single woman, while families swelled the waiting lists.) He talks of a plethora of Nationalist clubs, institutions and societies in the 1960s: the New Ireland Society, Tuarim, the New Democratic Party, all dedicated to rethinking Nationalist aims. The Nationalist Party itself, abstentionist for years, took its seats on the opposition benches in Stormont. "There was a great breadth of thinking about the liberalisation of the state."

Much of this was fuelled by young Catholics from lower middle- or working-class backgrounds, whom the post-war educational reforms had helped go to university for the first time, like their equivalents on the mainland. Like them, many became radicalised: unlike them, they had some cause to be so.

Northern Ireland was a one-party state. Catholics voted Nationalist and Protestants Unionist. The efforts to create non-sectarian parties – like the Northern Ireland Labour Party and the Liberals – could not conceal the fact that the Catholic political *leadership saw partition as a historical pause*, not a full stop and that Protestants deeply feared the same Catholic absorption which was dwindling their co-religionists in the South. Given this unbridgeable division, and since the British government took no interest in ensuring equality, the permanent minority did not take, and were not given, full citizenship.

At local government level, the dominant Unionists "gerrymandered". Broadly, only house owners and tenants voted – a measure which discriminated against the bigger Catholic families. Unionist local authorities in Catholic areas kept control by stuffing their Catholic tenants into one ward, then spreading thin Protestant majorities through other wards. They were discriminatory in allocating housing and planning permission. John Hume, returning from the

Militant Nationalism is now too cocky to depend on subterfuge. Terror is reaching a higher and more murderous level

Republic's Maynooth College in the 1960s, set up the Londonderry Housing Association and found himself stymied in helping people get houses for lack of land. Says Austin Currie: "People like me went to Queens and found ourselves as good in every way as the Protestants: we came back to find the same second class citizenship - we left."

The extent of discrimination before 1968 is now questioned. (Mr Currie himself says things were getting better, noting that "that's when revolutions happen.") In an important and controversial essay[1] in 1981, Christopher Hewitt, an American academic, used contemporary statistics to show that "gerrymandering" resulted in Protestant control of a Catholic majority only in Londonderry (the council was abolished in 1968 and replaced by a Commission). He *showed that more Catholics than* Protestants got public authority houses – and that where Catholics controlled councils (a minority) they treated Protestants worse than Protestants treated Catholics.

But back to the central charge – that Nationalism was inherent in the civil rights movement from the beginning. There is little doubt that Nationalists were the most active supporters of civil rights, and that the Northern Ireland Civil Rights Association, NICRA, founded in 1967, drew most of its executive and activists from the *pro-Nationalist side of the spectrum.* Brian Garrett, whose NILP was active in promoting civil rights, says he could not get on the executive because he was seen as a *Unionist.* The leading figures such as Mr Hume, Mr Currie, Gerry (now Lord) Fitt (then Republican Labour MP for the Falls in Belfast), and the younger and more revolutionary luminaries like Bernadette Devlin, Eamonn McCann, Michael Farrell and many others, were all Nationalists who wanted to end partition, though they differed as to when that would be feasible.

Many – perhaps most – did and still do think of themselves as non-sectarian. What they mean by that is that they want(ed) Protestants to *agree to an end to partition,* too. To be sure, they were surrounded by many of Protestant background and of no religion, who shared in the late 1960s fervour of their cause and whose naivety was as deep as that of their British, American and French fellows. Steven MacBride, a student leader of the time (at the all-important Queens University) and now deeply disillusioned with the movement, recalls that "Unionism and Republicanism were old dead trees waiting to be blown away in the wind, we thought. We didn't know what we were dealing with." But when they did, only the Nationalists stayed: "Civil rights," says Bob Purdie, a Ruskin College academic now completing a book on the period, "was the mobilisation of the Catholic population."

The Protestant politicians saw it *from the start as a conspiracy* (which it was not). "I always say," says Mr Paisley, "that the CRA was just the IRA with the 'I' twisted." Clifford Smyth, a councillor in Paisley's Democratic Unionist Party in the 1970s and now his former leader's warts-and-all biographer[2], says that it was clear to him, an active student Unionist (at Queens), that the mid sixties, before the civil rights agitation, was a time of growing Catholic Nationalist self confidence and political fervour.

He believes that the liberal reforms undertaken by Sir Terence O'Neill, the Unionist Prime Minister of the time, were ineptly handled and could not address the Nationalist thrust of the movement. "I see the problem as Unionism being unable to adapt because of the pressure they were under from Nationalism about them. Having established a status quo they did not know how to innovate: their door was locked, but the bolt was on the outside."

Today, some of those who led the march in Londonderry which first sent the images of repression round the world will stage another march in that city. Eamonn McCann, Michael Farrell and Bernadette McAliskey will be there, though the constitutional Nationalists like Hume, elevated by his own political talent and the Anglo-Irish Agreement to the first rank in the province, will shun it.

It will partly be done, as were the early marches, for television. Hume recalls how adamant he was that the marchers maintain non-violence, so that the violence of the RUC be exposed on the screens. Intuitively, the Nationalists had grasped the truth about television news and current affairs. It needed heroes and villains, and since many TV reporters and researchers were themselves infused with the spirit of 1968, the RUC, the puritanical Unionists, the creaking archaisms of Ulster, all struck them as textbook-repressive.

Smyth recalls going with fellow Unionists to take part in a David Frost special on Ulster at the end of 1968. Asked to go to make up, they indignantly refused, thinking it unmanly – only to see the TV-wise Republicans submit to powder and cream and appear on the air as Mirandas to their Calibans.

It is a vivid summary of the dilemma. The Nationalist culture, drawing heavily on a deeply felt Catholicism, was able to produce a morality play of martyrdom and suffering which the clumsy Unionists, whose Protestantism had no such public iconography, could not match.

Twenty years ago this week, simpletons, idealists, shrewd politicians and terrorists-to-be began a drama – or a new act in a drama – which runs still. Now, ill-attended and misconstrued, it has lost its fine flush and is merely hellish. If it is now clearer what it is all about, there is little or no space where once there was a fine broad field of hope. After that first death of the words "civil rights" there have been many, many others.

It is not a matter of bad faith: Ulster Catholics were sincere in their wish for rights which should have been theirs for decades. But the fact that Nationalist figures demanded them within a framework which was implicitly threatening to the preservation of the union, in a state where the fault line of nationality ran through every political act, was to render the movement doomed.

1 Catholic grievances..., British Journal of Sociology; Sept 1981.

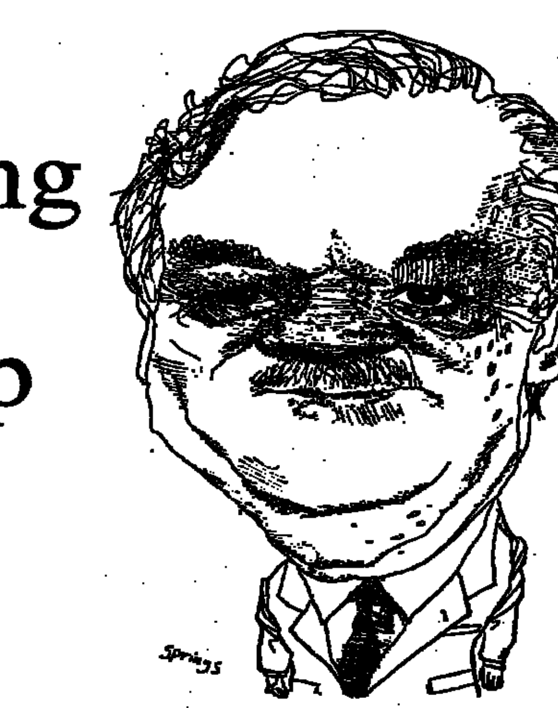
2 Ian Paisley: Voice of Protestant Ulster, Clifford Smyth; Scottish Academic Press.

MAN IN THE NEWS

Allen Sheppard

Managing by a light grip on the throat

By Martin Dickson



When Allen Sheppard was a young man doing his national service in the dour surroundings of 1950s Nottingham, he organised his platoon into a curious form of money-making cooperative: the rougher members of his squad took on his shifts of duty, freeing him to be a money generator by writing and lecturing on business at the local technical college.

He managed to write a book; 500 articles "on anything I'd get paid for," and his lectures included somewhat bumptious analyses of the Budget just hours after it had been unveiled. "Looking back," he says, "that frightens the life out of me."

The anecdote captures the blend of restless energy, ambition, supreme self-confidence and management skill that has propelled him to the chairmanship of Grand Metropolitan, the food and drinks group that owns Watney's beer, Express foods, J&B scotch and Berni Inns.

This week he produced his most ambitious move yet: a £3.1bn bid for Pillsbury, the US group best known for Green Giant brand packaged foods and Burger King hamburgers. If the takeover succeeds, it will radically change both the size and shape of GrandMet.

The aim is for the group's food and retailing side, which are relatively small on a world scale, to do in the 1990s what its drinks business has done in the 1980s – become one of the international leaders in a market becoming increasingly global.

The City is reserving judgment on the deal. Pillsbury, and in particular Burger King, is a troubled, demoralised company. Has GrandMet the management strength and the retailing flair in the fast food business to turn it around? Will the bid prove inspired, or over-ambitious megalomania?

Whatever happens, there is no doubt that the City has grown much more enthusiastic about GrandMet in the two *years since Mr Sheppard, now* 55 years old, became chief executive. Before it was seen as a potential bid stock; now it is viewed as one of the most aggressive of British predators.

The comparison is not entirely fair to Sir Stanley Grinstead, whom Mr Sheppard replaced as chairman in July last year. He had the difficult job of steering GrandMet through the first half of the 1980s after the death of founder Sir Max Joseph, one of the great post-war entrepreneurs. Mr Sheppard has continued many of Sir Stanley Grinstead's policies, though others have been ditched.

Since Mr Sheppard's arrival the group's focus has certainly seemed much clearer and the style at head office has changed markedly. Sir Stanley *Grinstead* was a quiet, rather shy man, who kept strategy very much to himself. Mr Sheppard is a great enthusiast, and has the priceless skill of infecting colleagues with his enthusiasm. "He is," says one, "very exciting to work for."

He likes to toss strategy ideas around a small band of trusted executives, several of whom worked with him at British Leyland in the early 1970s. Witty and unassuming, he is given to pacing restlessly round the room as he speaks. He has a London accent and soft, insistent voice which can make him sound uncannily like Ken Livingstone, the Labour politician.

But behind the charm lies a very tough man. He likes to describe GrandMet's management style as "the light grip on the throat" – a combination of decentralisation and very short lines of communication with a demanding centre. "We do not like surprises. We do not like sophisticated reasons for failure." His tone combines sweet reason with a vague air of menace.

Former motor industry colleagues recall some famous Sheppard losses of temper and elbowing of others on his way up. The style now seems to have softened, and he says people mistake for abrasion what is simply his style of talking though difficult issues: "The people I respect I expect to stand up to me and argue."

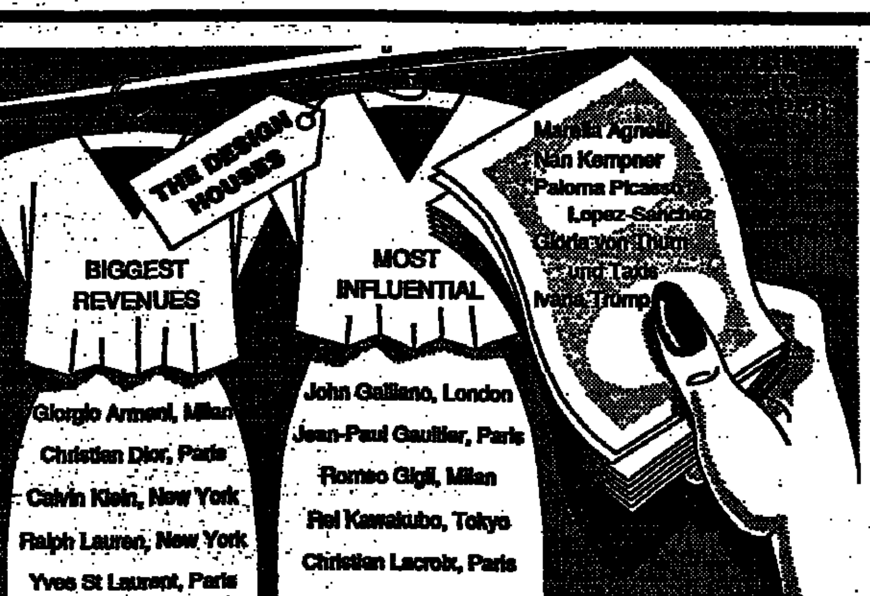
A self-confessed workaholic, he was born in Forest Gate, East London, at that social meeting point between the working class and lower middle class that produces so many of the rocket-propelled upwardly mobile.

His father was a railway driver – by a nice twist of fate Allen Sheppard is now a member of the British Rail board – and his mother a bank clerk, having been too poor to take up a place at teacher's training college. Sheppard pins much of his ambition on her frustration and his father's doggedness.

He won a scholarship to the London School of Economics, then gained accountancy and company secretary qualifications before completing his industrial education by joining a local East London employer, Ford, as a junior financial analyst. "It was a fantastic period of training, " he says. "You were constantly changing jobs. I did 10 in three years."

He spent 18 years in the motor industry, moving on to Rootes and then British Leyland. From there, he was headhunted in 1975 by Maxwell Joseph to become chief executive of Watney Mann & Truman, where morale was still low, three years after GrandMet's bitterly won takeover of Watney.

He eventually took over responsibility for GrandMet's operations in the UK generally, and in 1986 won the job of chief executive in a two-horse race against Anthony Tennant, a reserved man who moved on to become chief executive of Guinness. Married but with no children, Mr Sheppard lives in Essex and relaxes by walking his five dogs. He had early ambitions to be a politician, but abandoned them and the Labour Party as he moved to the right, becoming a passionate supporter of the Thatcher revolution. He is a down-to-earth and powerful advocate for industry, a fluent speaker and performs well on the the public stage, where some people think he will be increasingly active. But for the moment he can ill-afford to *think beyond the economics of* the hamburger.



Measuring up an industry

Alice Rawsthorn on fashion as big business

Last weekend it was Milan. This weekend it is London. The latest batch of international fashion collections is being unveiled to the accompaniment of the flash of *paparazzi* cameras and the applause of assembled socialites.

Ostensibly the world of the international collections is as frivolous as can be. But beneath the furore over skirt lengths and trouser widths lies a multi-million dollar industry that depends on the glamour of the international collections to sell luxury goods throughout the world.

The days of the talented dressmaker making frocks for a faithful clientele are over. Today's fashion houses are billion dollar businesses, like Ralph Lauren and Calvin Klein in New York; or subsidiaries of giant industrial groups, like Christian Dior and Christian Lacroix, both part of Financière Agache in Paris.

Recently, the bond between industry and fashion has achieved a new prominence as Agache has tussled – together with Guinness, the UK drinks company – over LVMH Moët Hennessy Louis Vuitton, the French luxury goods group.

The boom in international fashion is the legacy of the economic changes that have boosted disposable incomes in the developed economies during the 1980s.

This increase in affluence has been accompanied by cultural changes that have created a new era of conspicuous consumption. In the wholesome years of the 1960s and 1970s the designer label was *de trop*. But in the materialistic 1980s, ostentatious affluence is acceptable.

The international fashion houses have flourished. Ralph Lauren has seen its turnover rise from $168m (£100m) in 1981 to more than $1.5bn this year.

Even *haute couture*, the most esoteric area of fashion, has enjoyed a renaissance. There are only about 3,000 women in the world able and willing to spend $10,000 on a dress from the Paris houses – yet *couture* has boomed.

High fashion has become an international commodity. The centres of international fashion are Paris and Milan. The established houses, like Christian Dior in Paris and Giorgio Armani in Milan, have used the buoyancy of the 1980s to expand their retailing and licensing interests throughout the world.

An important development within high fashion has been the increased involvement of industry. The precedent was set by the large Italian textile groups when they forged links with the emerging Milan designers in the mid-1970s.

The Italians saw that a strong design base could be of great benefit to mainstream textile manufacturers. The Milan designers, like Armani and Gianni Versace, have had access to the world's most modern production plants. And textile groups, like Gruppo GFT and Marzotto, have basked in the reflected glory.

Italy's success has encouraged other industrial groups to invest in high fashion. Steilmann, the West German clothing company, now produces a ready-to-wear collection designed by Karl Lagerfeld, who works for Chanel in Paris.

The most aggressive investor has been Agache, under the aegis of Mr Bernard Arnault, its chairman. Agache ventured into high fashion in 1985 when it took control of Dior. Last year it invested £5m to set up a business for Lacroix, the new star of Paris design.

Agache has now joined with Guinness to take a 37 per cent stake in LVMH, formed last year as an alliance between Louis Vuitton, the luxury luggage maker, and Moët Hennessy, the champagne and cognac company. When the Dior fashion house – now owned by Agache – fell on hard times in the 1970s, Moët bought the rights to its perfumes.

Similarly, two years ago Yves St Laurent, another Paris house, formed a partnership with Cerus – controlled by Mr Carlo De Benedetti, the Italian industrialist – to buy back its perfumes.

High fashion's appeal as an investment lies not in the collections, but in the lucrative licences for perfumes and other products bearing the designer's name. Most houses make more money from licences than from their collections. The most successful division of Christian Dior is spectacles, which made FFr 800m ($74m) of its overall sales of FFr 5.8bn last year.

Dior started licensing in 1948 with a deal for ties in the US. It now has 300 licences for 70 products made in 24 countries and distributed in more than 100 markets.

For a fashion house like Dior, licensing involves a delicate balance: profiting from the prestige of its name without jeopardising exclusivity.

The story of Pierre Cardin, the Paris house, is cited as a cautionary tale. Cardin has more than 800 licences for anything from scuba diving equipment to sunglasses. It is now one of the largest fashion companies – with sales of more than $2.5bn at the last count – but has also, or so the other houses say, forfeited its status as a high fashion house.

Enthusiasm for licensing often verges on the absurd. Yves St Laurent has been approached to license dustbin bags. Little more than a year after establishing his own house, Christian Lacroix has rejected proposals for dolls and hair-driers.

Some licensing ventures have met with problems. In 1983 Ralph Lauren launched a highly publicised home furnishings collection with J.P. Stevens, the US textile company, since taken over by West Point-Pepperell. The collection flopped. Lauren now controls its own furnishings interests.

The increasing internationalisation of the fashion houses has also created problems. The Paris and Milan designers are now much more exposed to the vagaries of exchange rates. The dollar's decline cast a cloud over the last set of collections. The dollar has since rallied but is still too weak for the European houses to be sanguine about the coming collections. They can, however, seek some consolation in the rising yen.

The closer involvement with industry has tempered some of the more frivolous aspects of high fashion. But old habits die hard. In the early 1980s, the Paris designers observed the rise of the Milan houses with ill-disguised fury. But in the last year or so the Parisians – buoyed by the success of new stars like Christian Lacroix and Jean Paul Gaultier – have returned to the ascendant.

This autumn the Parisians have been so confident that they have broken with tradition by delaying the start of their collections until later this month.

Usually the US and Japanese store buyers go directly from Milan to London, and to Paris. This season they will either have to wait for the Paris shows or make two trips. Or, the Parisians hope, they may make only one trip – to Paris, thereby missing Milan.

Philip Bassett assesses the political role of Britain's transport union

Ron Todd's hold on Labour

"Thank you for inviting us this week to the AGM of the Transport and General Workers' Union," joked Barrie Clement, chairman of the Labour and Industrial Correspondents' Group, as he gave the press reply yesterday to this year's Labour Party conference.

At times in Blackpool this week, it seemed like that: though the party leadership has won almost all the major votes, though all the interim reports of its policy review groups have been massively approved, though Neil Kinnock gave one of his best speeches as party leader, the TGWU and especially Ron Todd, the union's general secretary, has dominated the week's events.

Mr Todd's suits (Marks and Spencer), telephone (in his car), his car itself (Jaguar), house (£80,000 Walthamstow semi), word processor (he has one) and Filofax (one of those too) have been endlessly pored over in the media.

But it has not just been all got up by the press. Since Mr Todd's speech to the traditional Tribune group fringe meeting on Tuesday night, delegates swirling around conference bars, tea rooms and hotels have talked of little else but Ron Todd. What did the speech mean? Why was it given when it was? Who wrote it? What did Kinnock think of it? What did Bill Jordan of the AEU think of it? What did you think of it?

TGWU leaders admit privately now that the timing of the speech, only hours after Mr Kinnock's own address, was unfortunate. The Tribune rally at which it was given is normally on a Wednesday night of the conference, and, if the speech had come then, its impact would have been much less. But everything else about it was deliberate. It stemmed from a conversation Mr Todd had while at the union's Irish regional conference recently and on his return he asked his policy unit at the TGWU to prepare a speech which attacked both of the groups he dislikes: the Filofax-toting modernisers and the nostalgics harking back to the heady golden days of pure socialism. Mr Todd saw it as an attempt to boost the centre.

Had the speech been phrased in a different way, using the traditional terms of right- and left-wing instead of modernisers and dinosaurs, TGWU leaders accept it would have had quite a different effect: it would still have been seen as unusual from the TGWU, but not anti-Kinnock.

That phrasing may have been a misjudgment. But if it was, it was as nothing to the misjudgments Labour leaders made privately about Mr Todd's speech. Variously, it was seen as a mistake; it meant nothing; it was really about rivalry with the GMB general union; Todd was stupid; Todd doesn't understand senior levels of the Labour Party.

Perhaps the worst was the view that it didn't matter: the TGWU's votes for Neil and the Aims and Values statement arealready in the bag and that's what counts. Or, as Mr Todd put it in his speech, recounting the charges of dinosaur-like fundamentalism made against the union: "We all expect that from the Daily Mail. But to hear it from your own side – whispered into the odd journalistic ear, muttered by the same people that yesterday, and tomorrow, will seek our support: that grates and I resent it deeply."

Taking the TGWU for granted is a major misjudgment for anyone in the Labour Party. However irrelevant it might be externally, within the Labour Party it and its money and its votes are still vital

Taking the TGWU for granted is a major misjudgment for anyone in the Labour Party. But Labour has been misjudging the TGWU at least since the early summer, when Mr Kinnock appeared to be shifting his ground on the party's defence policy. However irrelevant the TGWU might be externally, within the Labour Party it and its money and its votes are still vital, especially so on defence. What the TGWU decides to do next year on defence at its biennial delegate conference will not determine the outcome of Labour's policy review on the issue – but it will largely determine whether that outcome will be approved by the party or not, and so whether it will stand any chance electorally with the public.

Mr Kinnock's team got the TGWU wrong over defence, just as they got it wrong over the leadership election when the union refused to nominate Mr Kinnock and his deputy, Mr Roy Hattersley. As a TGWU-sponsored MP, Mr Kinnock knows – or should know – that the support of the TGWU these days is not deliverable by a few chats with its general secretary. But most union leaders believe that no one in Mr Kinnock's entourage understands unions properly.

Against that, misreading the TGWU is at present pretty easy to do. The union is probably less stable and more internally riven than at any time in its recent history. In a large general union, the biggest in both the TUC and the Labour Party, suspicion and rivalry have always gone hand in hand with trust and co-operation. But now everyone in the TGWU is watching his or her back, not knowing from which direction the knives could be coming.

Nothing is now certain in the TGWU: having made clear their deep scepticism about Mr Hattersley, it was the left-wing members on the TGWU executive who delivered the vote for him after right-wingers walked out of the executive meeting last month. And, though everyone regarded the TGWU delegation to this week's party conference as dominated by the union's right, the vote for Kinnock-Hattersley was not just nodded through, as TGWU leaders claimed publicly. There was a vote on Mr Hattersley alone, which was only carried by the unexpectedly tight margin of 32 votes to 23.

At the root of the TGWU's destabilisation is the damaging internal changes introduced in the 1970s. Power was pushed down not to members but to the activist layer. The union's membership has fallen 25 per cent in the 1980s as structural changes in the economy have cut swathes through the type of employees which are the backbone of the TGWU – male, manual, semi- or unskilled workers.

In all this, Mr Todd has been trying to hold the ring. Some TGWU left-wingers see him as too much of a trimmer, too keen to support a rightward-moving Mr Kinnock. Some right-wingers believe that he is little more than the hard left's tool, owing the left too many favours. Indeed, even some of Mr Todd's supporters believe that the TGWU's instability now stands little chance of being resolved under his leadership. He has said he will stand for re-election, but despite that, many in the union are looking to the post-Todd era. The right plans to unseat Mr Bill Morris as Mr Todd's deputy to prevent him getting the top job, while the left considers doing the same to Mr Eddie Haigh, the TGWU's Labour national executive member, to prevent his further advancement.

What a re-elected Mr Todd, or his successor, will have to come to terms with will be hard for the union to take: more reduction of the TGWU's power in the Labour Party. In the most important decision in Blackpool this week, the unions carried through a package which aims to transform Labour into a mass membership party largely by boosting party membership among individual trade unionists.

If that comes off, those individual union members will have a different relationship to Labour than the channels of representation of the party constituencies or the affiliated unions. The logic of the change is that the new members will have to be given a voice in party affairs, especially at party conference. If that happens, the unions' block vote will have to be reduced – and it will be the unions with their block votes which will have to decide to do it.

That spells the end of trade union leaders with millions of votes in their pockets. Mr Todd has dominated at Blackpool this week and may well do so again at Labour Party conferences – especially next year, on defence. But the real implication of this week's long time in politics for Labour is that while the uneasy union/party relationship is still in force and will probably get uneasier still, its days are numbered. Confusing the TGWU and Labour Party conferences may not be possible for that much longer.

LETTERS

'No more than a gleam in Jacques Delors' eye'

From Mr John Hayes

Sir, Edward Mortimer ("The state, Europe and Thatcher," September 27) chides Mrs Thatcher for being too nationalistic.

People around the world, he says, are trying to relocate decision-making at the point where it can be exercised most efficiently; perhaps more powers should be given to the European Parliament; and why should we not feel pride in being European as well as British?

Why not indeed? But, as Mrs Thatcher rightly says, we must avoid generalities and try to be specific and practical.

I spent several years working on the intractable question of how powers should be divided between the Canadian central and provincial governments, which involved examining how economic powers are exercised in federations and by the EC. What was clear was the increasing pressure everywhere for decisions to be more centralised. Switzerland is a good example.

What was equally clear is that you need a constitutional framework, effective institutions and a political consensus before any given power can be exercised centrally by a directly-elected body.

In the EC, there is more than a nucleus of a constitutional framework; EC law is more important than most people realise.

By contrast, some of the corresponding political institutions are only in embryo, and a pan-EC consensus no more than a gleam in Mr Delors' eye. For them to flourish, probably requires the development of powerful EC-wide political parties.

That will take many years, perhaps generations. Only then would a European government (presumably responsible to the Parliament) be able to exercise a major socio-economic power by legislating on a scheme for unemployment or health insurance.

Mr Delors' prediction is unrealistic; Mrs Thatcher can relax.

Until the European Parliament's day does come, the consensus-forming and decision-making have to be left largely to national governments – to the council.

The area of agreement on common measures, although bound to be constrained by that process, is also bound to expand.

John A Hayes,
9 Northlands House, Salthill Road, Chichester, Sussex

Why the arts may be buried in lifebelts

From Mr Chris Hodgkins

Sir, I refer to Antony Thorncroft's article "Aid for the RSC" (October 3).

Writing in The Observer as long ago as 1979 Norman St John Stevas, the then Minister for the Arts, said that the "arts world must come to terms with the fact that government policy in general has decisively tilted away from the expansion of the public to the enlargement of the private sector".

In January 1988 Luke Rittner was announced as the new Secretary General of the Arts Council. Previously Rittner had been the director of the Association of Business Sponsorship.

Some weeks ago I received a telephone call from the Arts Council public relations officer asking for a reference for Strategic Sponsorship, which was being asked to advise the council on sponsorship opportunities. Since that call the Arts Council has had neither the nous nor the courtesy to ask for a reference in writing.

This conversation understandably sent my blood pressure through the roof. Over the past few years I have been urged on every occasion to seek sponsorship. I have complied and secured sponsorship. When I hear that the Arts Council is just getting round to sponsorship itself, I wonder whether it is operating an "arms' length principle" or a brain's length principle.

The Arts Council has become perilously similar to Lord Chesterfield of whom Dr Johnson wrote: "Is not a patron, my Lord, one who looks with unconcern on a man struggling for life in the water, and when he has reached dry ground, encumbers him with help."

It is high time that the management and structure of the Arts Council is fully examined before we are all buried up to our necks in life belts.

Chris Hodgkins,
Jazz Services, 5 Dryden Street, Covent Garden, London WC2

Cash refund for unit trusts?

From Mr Graham S. Cooke

Sir, As an independent financial adviser, I am fascinated to see that Marks and Spencer is now entering the Unit Trust field. I suppose we, in turn, should investigate whether our clients would like us to offer advice on clothing, food and furniture as well as investments, pension schemes, etc.

Will M and S's Unit Trust customers be able to return their goods for the usual cash refund if they are dissatisfied with them or they do not fit? If M and S is intending to offer this service following a 20 per cent fall in the UK Equity Market, I had better promptly investigate the profit margins in knitwear and socks, not to mention ladies' underwear.

Graham S. Cooke,
Director, Bishop Skinner FinancialServices, 388 City Road, London EC1

Gestation in men's careers

From Ms Jan Stannard

Sir, John Gapper's article ("The attraction of mature women", September 30) prompts thoughts of the discrimination facing women yet to become mothers.

Many employers still hesitate to employ or promote married, but childless, women in their mid-20s to mid-30s, assuming that children will be imminent. Imminent could mean three to five years hence, and two at the very least if a job is new, in order that they qualify for maternity pay.

Yet many men spend only two or three years at any one job before moving on – either to improve their salary or CV. Women and motherhood might be viewed in a more favourable light by employers were this to be better appreciated.

Jan Stannard,
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Crisis – what crisis? Important questions on Kuwait and its BP shareholding

From Mr P Heren

Sir, Your leader ("A message to Kuwait", October 5) on the Monopolies and Mergers Commission report on the Kuwait Investment Office's shareholding in British Petroleum was limp even by Fleet Street standards of deference towards the City of London and Her Majesty's Government. I refer in particular to your argument that Kuwait could use its BP shareholding to advance Kuwaiti or OPEC interests. How? Your leader does not elaborate.

"The potential for future conflict," you assert, "is clearly large, especially in the event of another oil crisis which the Organisation of Petroleum Exporting Countries might want to exploit and which the UK, as well as BP, would try to mitigate." This begs a couple of important questions.

First, in what way would OPEC try to exploit a crisis? The answer is that it would seek an increase in the oil price – something which the market would provide anyway. BP, which is only one of many agents in the oil market, would be incapable of supporting it alone.

Second, how and why should BP try to "mitigate" an oil crisis, especially in concert with the British government? BP is not an arm of the British government, as Mr Heath found out in 1974, when his assumption that BP would supply fuel oil to Britain to the detriment of its other European markets gave him the false sense of security he needed to enter his disastrous confrontation with the National Union of Mineworkers.

In any supply crisis – and let us be quite clear that there is little chance of an oil supply crisis in the remainder of this century – BP would behave just as it did in 1973: it would allocate oil to its affiliates and customers on a strict pro rata basis, and would continue as best it could to turn in a profit. Even if the Kuwaitis succeeded, where Mr Heath did not, in forcing BP to alter what is its only possible course in an emergency, it would do so at the probable cost of irreparably damaging BP's business, and the KIO's shareholding.

The briefest glance at the oil industry today would show that there is little enough hope of the 13 OPEC members acting with sufficient rigour to defend a given price level, and that the more far-sighted of them, including Kuwait, have invested heavily in refining and marketing systems in an effort to join BP and the other major oil companies in adding value to crude oil. Kuwait is unlikely, even in a replay of 1973-74, to act in a way which would damage either its own downstream company, Kuwait Petroleum, or another company in which it had a large financial stake.

That is not to say that there are no reasons for forcing the KIO to reduce its BP shareholding. The truth of the matter is that while the Kuwaitis may have misjudged the British, HM Government and BP management made colossal errors of judgment in the second half of 1987 which led to the Kuwaitis amassing a very embarrassing stake in BP. The remedy for the embarrassment of Lord Young and Sir Peter Walters clearly lies in the prostration of the Kuwaitis.

One of your distinguished predecessors as editor of the Financial Times was Archibald Chisholm, who had earlier negotiated on behalf of the Anglo-Persian Oil Company (now BP) for the right to search for oil in Kuwait. His record of those negotiations, published in 1975 as "The First Kuwait Oil Concession", provides an entertaining picture of skulduggery, bureaucratic bludgeoning and imperialist bluster which Britannic House and Whitehall employed to good purpose on the Sheikh of Kuwait in 1934. *Plus ça change.*

Patrick Heren,
6 Heath Hurst Road, London NW3

Royal plans major US move with £64.86m acquisition of Michigan life company

By Nick Bunker

ROYAL INSURANCE, the biggest of the UK's composite insurers, plans to buy Michigan-based Maccabees Mutual Life for $110m (£64.86m) to give itself a secure foothold in the huge US life insurance industry.

If completed, the deal will represent Royal's largest single acquisition by far since 1985, when it paid £94m for Lloyd's Life to bolster its UK life assurance operations.

News of the plan evoked little surprise yesterday in the City. Royal had made no secret over the past couple of years that it was looking for a suitable US life insurance acquisition to complement its highly cyclical North American property/casualty operations.

In 1987, Royal's US life premiums from its three small existing subsidiaries were only $50m, compared with its US property/casualty premiums of $1.36bn.

"It's been our strategy throughout the 1980s to expand our life and financial services activities," said Mr Geoffrey Kellett, Royal's group general manager with special responsibility for life operations.

"We see this as the area with the greatest growth opportunities, and it will help to increase the stability of our earnings," he added.

However, a takeover of Maccabees would make insurance history in the US, because the American insurer would have to transform itself from a policyholder-owned mutual into a shareholder-owned company before the deal could be consummated.

According to the Royal, a US mutual life company has never before opted to shed its mutual status specifically because it wanted to sell itself to a shareholder-owned group.

Royal said it has agreed to pay $110m for 100 per cent Maccabees' shares after the conversion, and to increase Maccabees' capital base by $80m.

Restated according to US Generally Accepted Accounting Principles, Maccabees' net assets are close to $50m. With 1987 premiums of about $200m, and total admitted assets of $800m, it ranks about 200th in size among the 2,000 US life companies.

Though based near Detroit, about 50 per cent of its premium volume comes from California. Most of its sales are of so-called universal life products, to a relatively affluent customer base, but it has run into capital constraints in the last few years.

Royal said that in 1987, Maccabees' profits fell to $1.9m, from $6.7m in 1986, largely because of head office relocation and computer systems costs.

Mr Jules Pallone, Maccabees' chairman and president, said his company started studying demutualisation in 1985, as a way of gaining access to fresh capital and supporting expansion.

Universal life, first introduced in the US in 1979 by Hutton Life, a subsidiary of EF Hutton, the stockbroker, is an interest-rate sensitive product which gears its investment returns to policyholders to returns available in the money markets.

Royal expects completion of the acquisition to take until the end of the year, because Maccabees needs regulatory approvals for the deal. The demutualisation also has to be put to a vote of Maccabees policyholders, and requires approval from two-thirds of those who take part in the poll if it is to go ahead.

Elders' chief stays mum over UK beer stakes

By Andrew Hill

THE HEAD of an Australian brewing and sheepfarming business cannot afford to do things by halves.

Mr John Elliott, chairman and chief executive of Elders IXL, duly celebrated a 72 per cent rise in the group's pre-tax profits with lunch for 350 friends and followers of the company at London's Guildhall yesterday, part of a whirlwind tour of leading international financial centres.

Afterwards, Mr Elliott expanded on the full-year results, first announced 10 days ago, but refused to answer the questions on most journalists' lips, preferring to elaborate on his grand brewing strategy, rather than explain what Elders intends to do with its 9.33 per cent stake in Scottish & Newcastle Breweries, the drinks company based in Scotland, and its 13.5 per cent holding in Greene King, the East Anglian brewer. Elders already owns Courage, the UK pub and brewery company.

John Elliott: possible purchases identified

"We see opportunities in Europe and in North America," he said. "We can't continue expanding in Australia because we already have 50 per cent of the brewing market. Our strategic and fundraising operations are now based in London and we see Europe as one of the most exciting places to be.

"We have identified seven or eight breweries around the world which we would like to own, but in the end it comes down to price."

Mr Elliott's ambition does not stop at brewing, however. Elders Finance, the group's financial services subsidiary, claims to be the largest non-bank financial institution in Australia.

"If there are banks around the world which would help to grow our business then we could be interested in owning them," he said, citing Bank of New Zealand - up for sale as part of the country's extensive privatisation programme - as a possible target.

Such an objective might bring him up against another Antipodean entrepreneur, Sir Ron Brierley, who stepped down as chairman of BNZ recently because of a conflict of interest. He wants to buy the bank too.

US lawyers deride Pillsbury's defence to GrandMet's bid

By Roderick Oram in New York

PILLSBURY'S attempt to use US liquor laws to block Grand Metropolitan's $5.23bn (£3.1bn) bid is a fundamentally weak defence, according to independent US lawyers experienced in the regulatory thicket of state liquor commissions.

Apart from a letter to employees saying it would fight the bid, Pillsbury has revealed no other defensive strategies so far. Many analysts are sceptical that it could arrange a leveraged buy-out, recapitalisation or restructuring that would top GrandMet's $60-a-share bid.

The US foods and restaurant group rushed to more than a dozen courts around the country when the takeover offer was announced on Tuesday. Pillsbury won temporary restraining orders in seven states barring the UK bidder from buying its stock because it is a distiller.

More than 30 states have laws barring liquor distillers or distributors like GrandMet from owning retail outlets such as Pillsbury's Steak and Ale restaurants. Before bidding, GrandMet sounded out many state liquor commissions to see if it could get a temporary dispensation to buy Pillsbury and then quickly sell the restaurants.

"Most state agencies said they would give us time to divest," said Mr Allen Finkelson, an outside counsel to GrandMet in New York.

In conversations with Wall Street analysts and the press, Pillsbury, however, has likened its fight to that of Farmers Group against BAT Industries. The California insurer had blocked for several months the bid from the UK group by persuading insurance commissioners in several states not to approve transfer of its licences to BAT.

Farmers played on fears, for example, that BAT as a tobacco company would be unsympathetic to insurance discounts for non-smokers. When BAT convinced commissioners otherwise, Farmers bowed to the takeover.

Analysts point out, though, that for Farmers the regulatory issue struck at its core business, whereas Pillsbury's case concerns peripheral assets GrandMet plans to divest.

Nonetheless, some liquor commissions are likely to get sticky and this could delay the closing of the tender offer. "If the problem is in only a few states, GrandMet could deal with it by giving up the restaurant licences in those states," said a New York liquor law lawyer who has investigated in Falcon, had demanded a full the regulatory issue for a big institutional investor in Pillsbury stock. GrandMet would give up only a little on the sales price of the restaurants if some temporarily lacked licences.

In a more dramatic but more costly move, GrandMet could temporarily give up its liquor wholesaling licences in some states, said a source close to GrandMet.

No DTI inquiry into Falcon Resources

THE GOVERNMENT has ruled out a Department of Trade and Industry inquiry into Falcon Resources, the troubled oil exploration company which has had its shares suspended since October 1985.

At a stormy extraordinary general meeting on Thursday, Mr Ronnie Monk, former Falcon chairman, was elected to the board despite complaints from shareholders about the lack of published accounts for 1985, 1986 and 1987.

His rival, Mr Oliver Jessel, was voted off the board on a show of hands although the outcome is subject to a poll.

In a letter to Conservative MP Mr Charles Irving, Mr Francis Maude, Under-Secretary of State for Corporate Affairs, said: "The decision on whether to readmit the company must rest with the Stock Exchange. Although I should have thought a lack of filed accounts since 1984 would militate against it, at least for the time being."

Mr Irving, a small investor in Falcon, had demanded a full DTI inquiry into the company's management.

"The Department of Trade and Industry has already given considerable attention to the company's affairs," Mr Maude said. "The Department, having considered the defence which directors might advance to a charge of failing to deliver accounts and taking into account all the circumstances of the case, it was decided not to prosecute in this instance."

Mr Irving said he intended to pursue the matter in the House of Commons. He added: "I would have thought the Stock Exchange could also have played a role because this company was suspended under a cloud and every attempt to gain information about the millions of pounds worth of investment has foundered."

Clients' spending cuts leave Charles Barker 4% lower

By Andrew Hill

SPENDING CUTS by major advertising clients hit interim profits at Charles Barker, the advertising, public relations and recruitment group. Pre-tax profits for the six months to June 30, emerged 4% lower at £2.15m.

Turnover fell by 8 per cent to £48.7m ($53m) and earnings per share came down from 5.6p to 5.1p.

Mr David Norman, chairman and chief executive, said that "the period 1987-1988 has been one of real streamlining and many businesses have to go through this. The large part of what needs to be done has been accomplished and now we are going to build in order to establish the group's pre-eminence in our chosen markets,".

Mr Norman would not specify the three or four clients which cut their advertising budgets. He said Ayer Barker, the group's principal advertising subsidiary, had won £20m of new business in the first half – equivalent to half of all billings in 1987 – and added that it would announce a major new account in the next 10 days.

Ayer Barker is 25 per cent-owned by N W Ayer, the US advertising group, which will increase its holding to 56 per cent in 1990. Ayer also holds 12.6 per cent of Charles Barker itself.

Earlier this year, Charles Barker ended takeover discussions with an unspecified suitor, rumoured to have been WPP, the advertising and marketing services group. Recently it was suggested that Charles Barker had invited bids for its public relations subsidiaries, now controlled by a single holding company, Charles Barker Public Relations.

Mr Norman said the PR division had had an outstanding first half, with operating profits up over 32 per cent on the equivalent period.

He also stressed that the group was not involved in discussions concerning the sale of all or part of the business.

"I don't want to be distracted any more from building the business," said Mr Norman. "If someone came along with an offer for a part of the group, they wouldn't get a very warm reception."

● COMMENT

Charles Barker's interims were neither better nor worse than most had expected and the shares were unchanged at 143p yesterday. The second half should be stronger than the equivalent period, for the simple reason that last year's second half figures included losses on discontinued businesses and exceptional reorganisation and redundancy costs, but the group is only just going to make £4m before tax for 1988. Mr Norman says the business has now settled down and promises acquisitions within 12 months. The strategy on consumer advertising is tied up, with the promise of Ayer control by 1990, but the public relations side will probably seek a stronger overseas balance, and Mr Norman says he has considerable, if unspecified, aspirations for the head-hunting division. The shares are on a prospective p/e of about 14.5, fully-valued against others in the sector now bid excitement has evaporated.

MIXED FORTUNES FOR REGIONAL TV

STV bucks the trend as profits fall to £2.5m

By Raymond Snoddy

SCOTTISH TELEVISION yesterday announced a drop in pre-tax profits, a result against the trend in the generally buoyant commercial television sector.

In the half year to June the independent television contractor for central Scotland made pre-tax profits of £2.5m compared with £2.64m previously, on turnover increased from £36.68m to £39.76m.

The 5 per cent fall compares with a 21 per cent increase in pre-tax profits announced on Thursday by HTV, the ITV contractor for Wales and the west of England.

The company's shares fell 7p to close at 359p last night.

Sir Campbell Fraser, STV chairman, said that in order to cope with the changes now facing the ITV system the company had taken measures which would be costly in the short term but would pay off in terms of future growth.

Exceptional operating costs, for example, of £465,000, went to pay for between 20 and 30 early retirements this year and further job cuts are expected.

The cost of launching late night television was still not matched by extra advertising revenue and the company's overall share of advertising had fallen from 5.5 per cent in the first half of 1987 to 5.3 per cent this time.

Mr Alan Mongomery, finance director, said yesterday: "As well as losing advertising share as money flowed into the south we have incurred new costs."

In addition, profits for the full year were expected to be flat, with a better performance likely in 1989.

Mr Andrew Hunter, leisure analyst at stockbrokers McCaughan Dyson Capel Cure said he found it disappointing that Scottish had taken all its costs at one time. He downgraded STV's expected full year pre-tax profits to £6.8m.

Scottish also made it clear year that it would write off the full value of its investment of just over £1m in Super Channel, the general entertainment satellite channel, in the full year results. The write-off would be an extraordinary item.

Earnings per share fell from 15.35p to 14.28p although the interim dividend will be 3.75p compared with 3.5p.

The company expects the purchase of outplacement consultant, Pauline Hyde & Associates, a company specialising in finding jobs for redundant executives, to make a "good contribution to future profits" and further acquisitions in the sector are possible.

Ulster rises to £2.2m

ULSTER Television increased pre-tax profits in the year to July from £1.91m to £2.19m on turnover which increased from £20.012m to £22.214m, writes Raymond Snoddy.

The ITV contractor for Northern Ireland which has traditionally had difficulty achieving what it saw as its fair share of national advertising had television operating profit of £1.827m, investment income of £324,000 and profit from disposal of investments of £34,000.

Earnings per basic share rose from 12.11p to 13.61p.

The company is proposing a final dividend of 2.75p making 4.75p for the year, compared with 3.7p last year.

See Lex

Meyer boosts its bid for Travis

By Clay Harris

MEYER INTERNATIONAL, timber and builders' merchant, yesterday gave its £213m takeover bid for Travis & Arnold, another builders' merchant, a boost by allowing shareholders to take half of the offer price in the form of convertible preference shares.

Meyer also bought nearly 11 per cent of Travis in the market to increase its stake to 28 per cent.

Both moves were intended to prevent a rival recommended merger between Travis and Sandell Perkins, another family-run builders' merchant, from succeeding as early as next week. Sandell has acceptances from 43.2 per cent of Travis shareholders.

In a manoeuvre intended to provide support to its own share price, Meyer also said it would seek approval to buy in up to 15 per cent of its own shares. No shares would be bought, however, during the offer period.

Until yesterday's revision, Travis had scorned Meyer's 600p cash bid – now worth 38 per cent more than Sandell's all-share offer – because of the capital gains tax liabilities which could be faced.

A loan note alternative was little better, Travis said, because shareholders would not be able to participate in the future growth of the group.

The introduction of a partial convertible preference option is intended to address both those issues. As an alternative to the all-cash terms, Meyer is now offering 300p in cash plus three convertible preference shares valued at 90p each.

However, Travis last night continued to reject the offer as totally inadequate. NM Rothschild, its merchant bank adviser, dismissed the new terms as a lower price. For a 30p cut in price, accepting shareholders would have a slightly smaller CGT liability, Rothschild said.

Meyer's 28 per cent stake puts it in a strong position even if Sandell goes over the 50 per cent mark next week – it could stay in as an obstructive minority.

The convertible shares would carry an annual net dividend of 5 per cent. Every 4.65 preference shares would be convertible into one Meyer ordinary share.

With Sandell shares 13p higher at 261p, its eight-for-five share offer (taking into account a special 18p cash dividend) values Travis at 433.6p, against a closing price of 578p, 3p up on the day. Meyer shares closed 4½p higher at 388p.

See Lex

JFB buy-out revised

By Nick Garnett

FINANCIAL arrangements for the buy-out of Sheffield Forgemasters, jointly owned by Johnson and Firth Brown and British Steel have had to be revised following the start of legal action against Forgemasters by a US customer.

The proposed disposal of the two companies' equal 50 per cent stakes in Forgemasters was announced in May in an overall £26m buy-out package supported by City institutions. Twenty managers also put up cash for the purchase.

Forgemasters, the UK's sole surviving supplier of large steel castings and forgings announced yesterday that one of its subsidiaries had received a writ in Texas claiming substantial damages. The claim is being disputed by Forgemasters.

However, as a result of the writ one of the conditions in the original proposals for the buy-out cannot be satisfied.

JFB and British Steel yesterday entered into a revised conditional agreement for disposal of their shares.

Out of the total consideration of £10.8m, after expenses for all ordinary shares in Forgemasters, a total of £5m will now be deferred for up to five years pending settlement of the claim.

Of this, £2m is JFB's share but the company will receive interest on this deferred element. JFB expects to receive £3.1m, after expenses, on completion of the disposal.

British Steel has agreed a deferral of £3m.

Pernod action with FII-Fyffes lengthens

By Kieron Cooke in Dublin

Pernod Ricard's court action against FII-Fyffes is unlikely to end before the end of next week with judgement the following week.

That was the estimation after yesterday's proceedings in the High Court in Dublin which were taken up with what did, or did not, take place on a Saturday in early September, when Pernod alleged it struck a deal with FII-Fyffes.

Monday is a court holiday in Dublin, and there are several others involved still due to make an appearance.

Shepherd Neame higher at £3m

Shepherd Neame, Kent-based brewer, saw pre-tax profits move up from £2.83m to £3.04m in the year to the end of June. Turnover at this unquoted close company was ahead from £19.3m to £21.27m. Earnings per £1 share were up from 30p to 32.03p. There was an exceptional provision of £191,000.

Arcolectric lower

Pre-tax profits reduced from £357,418 to £320,098 were announced by Arcolectric (Holdings), maker of switches and neon signal lamps, for the six months to June 30.

The interim dividend is raised to 0.44p (0.42p) although earnings per 5p share fell from 5.35p to 4.79p.

Sales showed an improvement to £5.08m (£4.35m) and due to the increased demand directors said they had raised the level of investment.

DIVIDENDS ANNOUNCED

Arcolectric	int	0.44	-	0.42	-	0.88
Barker (Charles)	int	1.2†	-	1.1	-	3.2
Int Trust Jersey	int	6♣	Nov 4	5	-	12
Jacob (W&R)	int	2.8☆	Oct 21	2.6	-	8
Scottish TV	int	3.75†	Dec 1	3.5	-	17
Serif Cowells §	int	1.5†	-	1	-	3.5
Tharsis	int	2♣	-	2	-	8
Ulster TV	fin	2.75	-	2	4.75	3.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣Gross throughout. ☆Irish pence throughout.

Buckley's chief avoids conflict

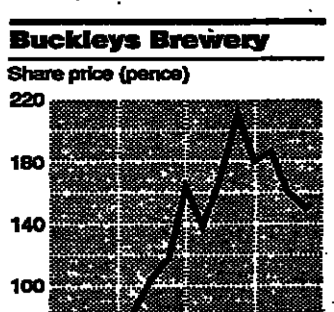
By Anthony Moreton, Welsh Correspondent

THE EXPECTED fireworks at yesterday's annual meeting of Buckley's Brewery, previously controlled by Mr Peter Clowes, head of the failed Barlow Clowes empire and his colleague Mr Guy Cramer, failed to materialise.

The rumoured closure of the company's Llanelli brewery and the recent poor trading results posed potential difficulties for Mr Michael Willcocks, chairman. However, he steered a skillful course and defused a possibly tricky situation.

He read a prepared statement which admitted that conditions had been difficult and that the results published last month, showing a loss of £763,000 for the nine months to December 311987, after a profit of £1.13m for the full year to March 281987, were disappointing.

These were the first results from the company since it was acquired last October by Mr Clowes, who is facing criminal charges, and Mr Cramer.



Mr Willcocks forecast that the interim figures would be produced in about three weeks. These will come shortly before Singer & Friedlander, the merchant bank, closes its tender offer for the 53 per cent of the shares it took as security for a loan to the two Barlow Clowes executives.

Mr Willcocks, who stepped up as chairman after Sir Alun Talfan Davies's appointment was found to be invalid, recruited three working members of the company to the board and the only excitement yesterday was whether they would be voted off.

Mr Willcocks ordered a full vote and with a large number of proxies in his possession each was comfortably confirmed in office by more than 2.6m to 1,400.

The board admitted that it had considered closing the Llanelli brewery, which would have affected about 160 employees. "No decision to close the brewery has ever been made. Closure has only been one of several options, including a significant expansion of the brewing activities," Mr Willcocks said.

With that the meeting broke up as quietly as it had proceeded.

SA inquiry into Minorco's bid

By Kenneth Gooding, Mining Correspondent

MINORCO'S £2.9bn hostile bid for Consolidated Gold Fields yesterday sparked off a monopolies inquiry in South Africa.

The South African Government's Competition Board gave a broad hint that it was concerned about the possibility that Anglo American Corporation, already the world's biggest gold producer, was to increase its hold on the market by way of the bid for Gold Fields.

Anglo and De Beers, both key companies in the Oppenheimer family empire, between them control 60 per cent of Minorco. If the bid succeeds, Minorco would gain control of Gold Fields' 38 per cent shareholding in Gold Fields of South Africa (GFSA).

Analysts have suggested that Anglo and associated interests could already hold 20 per cent of the GFSA shares.

The Competition Board yesterday said it was investigating "whether an acquisition by Anglo American Corporation and De Beers of Gold Fields of South Africa has been, is being or is proposed to be made and the nature and extent of the controlling interest (if any) held and acquired or proposed to be acquired."

Minorco, a Luxembourg-based investment company, said from the outset it would sell the GFSA shareholding and all other Gold Fields' assets in South Africa if it won control.

The company said last night it was not surprised by the investigation and would co-operate fully with the South African authorities.

Gold Fields, which has been lobbying for monopolies inquiries not only in the UK but also in the US and Australia, took heart from the news from South Africa that a government had intervened.

Gold Fields suggested that Minorco might be a forced seller of the GFSA shares, "which cannot be good for shareholders". Minorco said it would do its utmost to maximise the proceeds from the sale of the GFSA stake.

Meanwhile, Gold Fields today will post to its shareholders a summary of the key points in the submission to the UK Office of Fair Trading in the hope that a Monopolies & Mergers Commission inquiry will be instituted.

Gold Fields dealt with the potential impact of South African ownership on its ARC subsidiary, formerly Amey Roadstone Corporation, and the difficulties which the group might have getting permission for precious metals exploration. The submission also suggested it was not advisable for Gold Fields' interests in gold, platinum and strategic minerals to fall under South African control.

TRADITIONAL OPTIONS

● First Dealings Sep 26
● Last Dealings Oct 7
● Last Declarations Dec 22
● For settlement Jan 9

For rate indications see end of London Share Service

Stocks favoured for the call included RHM, Chartereserch, James Neill, Amstrad, Burford, Carless, Eagle Trust, West Indus tries, Enterprise, Stakis, Underwoods, JH Fenner, Brasway, Brooke Tool, BSR, Greenwich Resources and Western Motor. Puts were arranged in Wassall and Gaynor, while RHM were dealt in for the double.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Oct 7 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Oct 6 Index No.	Wed Oct 5 Index No.	Tue Oct 4 Index No.	Year ago (approx) Index No.	1988 High		1988 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (210)	889.42	+0.7	10.67	4.11	11.58	21.51	883.51	880.13	788.87	1012.56	826.39	8/8	706.80	8/2	1038.87 16/7/87	50.71 13/12/74
2 Building Materials (29)	1021.25	+0.7	12.01	4.27	10.29	26.51	1013.77	1013.15	991.22	1252.17	1058.10	5/8	937.60	8/2	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction (37)	1605.43	+1.1	11.60	3.50	11.24	39.82	1588.15	1586.32	1567.49	1881.87	1626.09	8/8	1385.03	4/1	1951.50 16/7/87	71.48 2/12/74
4 Electricals (12)	2252.14	+1.1	8.93	4.57	13.69	55.75	2226.81	2219.02	2198.01	2613.54	2252.14	7/10	1946.87	6/4	2733.45 20/7/87	84.71 25/6/62
5 Electronics (29)	1724.05	+0.5	10.30	3.63	12.50	40.71	1715.19	1703.97	1676.12	2183.37	1798.32	8/8	1423.66	9/2	2236.70 17/7/87	1229.81 8/10/85
6 Mechanical Engineering (57)	422.29	+0.6	10.36	4.23	11.84	12.05	419.90	416.32	414.99	542.52	437.28	8/8	367.28	8/2	544.57 14/10/87	45.43 5/1/75
8 Metals and Metal Forming (7)	489.66	+0.3	9.93	3.95	12.45	10.06	488.07	490.34	486.93	596.67	509.92	14/7	424.40	19/2	596.67 9/10/87	49.65 6/1/75
9 Motors (16)	284.38	+0.8	11.50	4.66	10.04	8.12	282.08	281.09	279.29	400.19	295.13	18/3	259.47	1/9	411.42 13/10/87	19.91 6/1/75
10 Other Industrial Materials (23)	1379.83	+0.9	9.59	4.43	12.32	43.80	1366.75	1359.61	1345.34	1714.22	1379.83	7/10	1191.01	8/2	1736.80 22/9/87	277.55 15/1/81
21 CONSUMER GROUP (186)	1077.61	+0.4	9.33	3.71	13.50	20.92	1073.71	1065.95	1051.84	1370.97	1118.61	8/8	996.55	8/2	1406.32 16/7/87	61.41 13/12/74
22 Brewers and Distillers (21)	1116.67	-0.1	10.59	3.68	11.91	23.00	1118.04	1105.67	1103.81	1227.32	1141.54	15/6	951.87	8/2	1269.35 16/7/87	69.47 13/12/74
25 Food Manufacturing (21)	968.22	+0.3	9.14	3.90	13.83	18.95	965.60	962.83	953.28	1033.33	1016.66	1/8	883.48	6/4	1092.25 16/7/87	59.67 11/12/74
26 Food Retailing (16)	1877.29	+1.3	9.40	3.59	14.05	41.69	1852.97	1831.48	1820.80	2488.02	2179.42	18/3	1814.69	3/10	2649.96 16/7/87	54.25 11/12/74
27 Health and Household (12)	1941.25	+0.1	6.69	2.54	17.28	18.01	1938.73	1917.76	1876.01	2591.32	1941.25	7/10	1708.33	13/1	2699.85 16/7/87	175.38 28/5/80
29 Leisure (30)	1378.37	+0.2	8.92	3.73	14.37	29.97	1375.82	1363.37	1352.53	1481.85	1395.36	8/8	1142.19	4/1	1504.79 13/10/87	54.83 9/1/75
31 Packaging & Paper (17)	545.30	+1.1	10.24	3.98	12.44	13.94	539.40	538.57	538.60	709.64	545.30	7/10	473.11	6/4	739.48 16/7/87	43.46 6/1/75
32 Publishing & Printing (18)	3355.21	+0.5	8.57	4.23	14.56	80.46	3338.51	3320.74	3302.77	5037.12	3647.52	8/8	3256.50	19/9	5078.66 5/10/87	55.08 6/1/75
34 Stores (34)	771.23	+0.5	10.04	4.33	12.13	16.78	767.25	766.11	745.89	1126.72	859.85	28/1	726.21	8/9	1160.58 29/7/87	52.63 6/1/75
35 Textiles (16)	509.88	....	13.99	5.44	8.63	12.74	509.98	505.82	494.36	985.78	620.72	27/4	494.36	4/10	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS (92)	912.36	+0.6	11.13	4.42	10.96	22.77	906.92	901.00	892.46	1183.71	918.89	1/7	834.42	8/2	1192.48 8/10/87	58.63 6/1/75
41 Agencies (19)	1074.74	+0.1	8.68	2.63	14.54	18.80	1073.51	1065.55	1051.81	1744.72	1219.82	18/3	1008.16	9/9	1795.57 17/7/87	878.35 4/12/87
42 Chemicals (22)	1061.86	+0.3	12.02	4.80	9.99	37.01	1059.81	1055.53	1049.29	1532.51	1121.06	6/1	971.71	5/4	1546.46 5/10/87	71.20 1/12/74
43 Conglomerates (11)	1262.39	+0.9	10.41	4.51	10.90	24.92	1250.83	1233.41	1220.30	1537.49	1262.39	7/10	1095.37	4/1	1547.81 8/10/87	975.19 10/11/87
45 Shipping and Transport (12)	1946.19	-0.1	11.63	4.75	11.25	50.03	1948.33	1930.53	1902.26	2390.29	1992.59	23/3	1718.96	4/1	2497.85 16/7/87	90.80 29/6/62
47 Telephone Networks (2)	988.62	+1.0	11.23	4.50	11.55	20.38	979.89	978.02	966.47	1117.65	1011.82	1/7	888.24	12/1	1274.14 9/6/87	517.92 30/11/84
48 Miscellaneous (26)	1227.73	+0.7	11.51	4.42	9.90	37.16	1219.54	1207.66	1202.04	1728.96	1227.73	7/10	1096.28	19/5	1773.70 5/10/87	60.39 6/7/75
49 INDUSTRIAL GROUP (488)	976.77	+0.5	10.18	4.01	12.19	22.35	971.65	965.60	953.58	1243.33	998.43	8/8	887.00	8/2	1268.86 16/7/87	59.01 13/12/74
51 Oil & Gas (12)	1748.64	-0.1	10.77	6.36	11.89	76.25	1751.19	1743.62	1741.98	2221.26	1881.96	21/6	1681.40	9/9	2458.68 16/7/87	87.23 29/5/62
59 500 SHARE INDEX (500)	1042.31	+0.4	10.26	4.33	12.15	26.85	1037.99	1031.80	1020.50	1326.49	1070.40	8/8	958.79	5/2	1369.88 16/7/87	63.49 13/12/74
61 FINANCIAL GROUP (123)	695.55	....	–	5.10	–	22.06	695.95	689.79	683.41	896.25	720.60	14/6	630.02	8/2	896.67 13/10/87	55.88 13/12/74
62 Banks (8)	677.70	-0.1	21.22	6.45	6.32	31.13	678.37	673.94	666.60	876.30	696.53	21/7	610.26	7/4	898.38 16/7/87	62.44 12/12/74
65 Insurance (Life) (8)	1016.83	+0.4	–	5.18	–	36.93	1013.04	1008.59	1003.25	1285.72	1090.17	1/8	938.43	9/2	1285.72 9/10/87	44.88 2/1/75
66 Insurance (Composite) (7)	536.31	+0.3	–	5.82	–	18.56	534.60	531.36	527.83	702.61	567.92	10/6	481.43	8/2	707.58 13/10/87	43.96 13/12/74
67 Insurance (Brokers) (7)	968.20	+1.0	9.21	6.67	13.63	44.40	958.74	965.30	936.71	1273.82	1022.51	27/6	823.41	6/4	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks (11)	337.90	+0.4	–	4.35	–	9.20	336.67	337.30	334.18	544.60	378.25	9/6	318.54	9/9	547.59 12/10/87	31.21 7/1/75
69 Property (51)	1220.99	-0.7	5.45	2.69	23.44	16.95	1229.75	1204.06	1193.43	1353.96	1250.31	15/6	975.44	4/1	1374.86 16/7/87	56.01 20/4/65
70 Other Financial (31)	364.69	+0.1	10.52	5.48	11.95	11.66	364.44	362.43	359.60	600.50	401.37	22/3	351.55	9/9	603.48 16/7/87	33.29 17/12/74
71 Investment Trusts (78)	926.30	+0.3	–	3.06	–	15.75	923.74	915.64	907.54	1201.19	935.58	13/7	784.91	4/1	1207.90 5/10/87	71.12 13/12/74
81 Mining Finance (2)	588.51	+1.1	10.39	3.55	10.73	15.67	582.03	585.50	585.50	698.19	619.62	21/9	385.04	8/2	727.93 3/8/87	66.31 30/9/74
91 Overseas Traders (8)	1310.08	+0.1	9.11	4.42	12.82	35.31	1308.22	1299.21	1295.94	1361.84	1328.12	29/9	969.88	4/1	1364.12 13/10/87	97.37 6/1/75
99 ALL-SHARE INDEX (711)	956.27	+0.4	–	4.40	–	25.42	952.83	946.81	937.00	1216.26	970.58	8/8	870.19	8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Oct 6	Oct 5	Oct 4	Oct 3	Sep 30	Year ago	1988 High		1988 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1844.7	+5.8	1845.7	1832.8	1838.9	1826.3	1807.3	1802.6	1826.5	2366.5	1879.3	22/6	1694.5	8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

PRICE INDICES	Fri Oct 7	Day's change %	Thu Oct 6	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	119.58	+0.14	119.43	0.02	9.59
2 5-15 years	137.88	+0.42	137.30	–	9.99
3 Over 15 years	148.99	+0.43	148.34	–	11.09
4 Irredeemables	171.70	+0.86	170.25	–	8.04
5 All stocks	134.63	+0.34	134.18	0.01	10.06
Index-Linked					
6 5 years	128.66	+0.15	128.47	–	1.81
7 Over 5 years	123.55	+0.46	122.98	–	2.65
8 All stocks	123.78	+0.43	123.25	–	2.57
9 Debentures & Loans	116.95	+0.02	116.93	–	8.66
10 Preference	87.87	......	87.87	–	4.98

AVERAGE GROSS REDEMPTION YIELDS		Fri Oct 7	Thu Oct 6	Year ago (approx.)	1988 High		1988 Low	
British Government								
1 Low	5 years	9.64	9.68	9.61	10.18	2/9	8.38	18/4
2 Coupons	15 years	9.26	9.31	9.91	9.83	13/1	8.90	18/4
3	25 years	8.97	9.01	9.73	9.57	13/1	8.82	18/4
4 Medium	5 years	10.05	10.09	10.34	10.56	2/9	8.75	18/4
5 Coupons	15 years	9.47	9.53	10.17	10.01	13/1	9.12	15/3
6	25 years	9.11	9.18	9.95	9.79	13/1	8.99	14/3
7 High	5 years	10.14	10.19	10.40	10.70	2/9	8.84	18/4
8 Coupons	15 years	9.63	9.69	10.34	10.16	13/1	9.26	15/3
9	25 years	9.20	9.26	9.99	9.82	13/1	9.03	15/3
10 Irredeemables†		8.94	9.01	9.96	10.09	2/9	8.65	18/4
Index-Linked								
11 Inflation rate 5%	5yrs.	3.20	3.23	3.68	3.51	12/9	2.09	30/3
12 Inflation rate 5%	Over 5 yrs.	3.81	3.83	4.36	4.27	13/1	3.67	13/4
13 Inflation rate 10%	5 yrs.	2.13	2.15	3.75	3.59	13/1	1.09	30/3
14 Inflation rate 10%	Over 5 yrs.	3.64	3.67	4.37	4.37	13/1	3.50	20/4
15 Debs &	5 years	11.74	11.76	11.72	11.82	28/9	10.16	24/5
16 Loans	15 years	11.21	11.22	11.48	11.41	28/9	10.51	19/4
17	25 years	10.87	10.87	11.29	11.21	2/9	10.51	19/4
18 Preference†		10.23	10.23	10.93	10.84	4/1	9.54	22/6

♦Opening index 1833.5; 10 am 1837.7; 11 am 1841.3; Noon 1841.5; 1 pm 1841.0; 2 pm 1842.4; 3 pm 1845.1; 3.30 pm 1839.3; 4 pm 1840.2

CONSTITUENT CHANGES: Metal Box(31) has changed to MB Group.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at September 30, 1988 are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)	Market capitalisation as at Sep 30, 1988 (£m.)	% of all share index	Market capitalisation as at Jun 30, 1988 (£m.)	% of all share index	Market capitalisation as at Mar 31, 1988 (£m.)	% of all share index
1 CAPITAL GOODS GROUP (210)	65,564.8	18.13	64,682.5	17.56	59,268.5	17.38
2 Building materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (37)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (186)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging and Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing and Printing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil and Gas (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	282,372.3	78.05	288,353.6	78.31	268,617.3	78.76
61 FINANCIAL GROUP (123)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (51)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (711)	361,765.8	100.0	368,223.4	100.0	341,054.8	100.0

ECONOMIC DIARY

TODAY: Franco-Spanish ministerial meeting in Leon (until October 9.

TOMORROW: Dr Helmut Kohl, Chancellor of West Germany, ends his four country tour with a two-day visit to Singapore.

MONDAY: Producer price index numbers (September-provisional). European Parliament in plenary session in Strasbourg (until October 14). National council tenants rally at Central Hall, Westminster. House of Lords returns from summer recess. Results of joint European Torus nuclear fusion project.

TUESDAY: Conservative Party annual conference opens in Brighton (until October 14). Prince Sihanouk of Cambodia to meet US officials in Washington. Confederation of British Industry and the Royal Institute for International Affairs hold conference "The external implications of the single European market" at Centre Point, London WC1.

WEDNESDAY: Quarterly analysis of bank advances (September). European Community and ACP ministers meet for first talks on next version of the Lome convention trade and aid pact (until October 13). International conference of banking supervisors in Tokyo (until October 13).

THURSDAY: Labour market statistics: unemployment and unfilled vacancies (September-provisional); average earnings indices (August-provisional) employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (September). US merchandise trade figures (August). Mr Nigel Lawson, Chancellor of the Exchequer, to address Conservative Party conference. Green Party holds annual conference in Southport (until October 16). National Association of Probation Officers annual meeting in Eastbourne (until October 16). The House of Lords is expected to make judgement on the Spycatcher case. International Herald Tribune/ Oil Daily hold annual energy conference "The search for stability" at Hotel Inter-Continental, London (until October 14). North and South Korean parliamentarians to meet at border village to arrange full session of talks to discuss reunification. General strike in Peru.

FRIDAY: Usable steel production (September). Retail prices index (September). Tax and price index (September). Index of output of the production industries (August). US producer price index, advance retail sales (September). Mr Jose Sarney, President of Brazil, starts official visit to Soviet Union (until October 24). European Community trade and consumer affairs ministers meet in Luxembourg.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	110-30	+7/32	10.07	10.19	10.03
	8.750	9/97	94-20	+10/32	9.66	9.84	10.09
	9.000	10/08	89-24	+13/32	9.93	9.10	9.44
US TREASURY*	9.250	8/98	103-18	+33/32	8.70	8.92	8.94
	9.125	5/18	103-03	+45/32	8.83	9.03	8.99
JAPAN No 105	5.000	12/97	100.9383	+0.477	4.89	5.01	5.18
No 2	5.700	3/07	105.6033	+0.398	5.11	5.21	5.48
GERMANY	6.500	5/98	99.9500	+0.200	6.55	6.56	6.63
FRANCE BTAN	8.000	7/93	102.1253	+0.207	8.42	8.51	8.69
OAT	8.500	6/97	99.4500	+0.400	8.58	8.73	9.11
CANADA*	9.500	10/98	98.0000	+0.375	9.82	9.98	10.02
NETHERLANDS	6.500	7/98	100.7750	+0.000	6.43	6.49	6.59
AUSTRALIA	12.500	1/98	103.6313	-0.087	11.83	11.91	11.72

London closing, *denotes New York morning session
Yields: Local market standard · Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

BASE LENDING RATES

	%		%		%
ABN Bank	12	City Merchants Bank	12	NatWestminster	12
Adam & Company	12	Clydesdale Bank	12	Northern Bank Ltd	12
AAB - Allied Arab Bk	12	Comm. Bk. N. East	12	Norwich Gen. Trust	12
Allied Irish Bank	12	Co-operative Bank	*12	PRIVATbanken Limited	12
● Henry Ansbacher	12	Coutts & Co	12	Provincial Bank PLC	13
ANZ Banking Group	12	Cyprus Popular Bk	12	R. Raphael & Sons	12
Associates Cap Corp	12	Dunbar Bank PLC	12	Roxburghe G'rantee	12½
Authority Bank	12	Duncan Lawrie	12	Royal Bk of Scotland	12
● B & C Merchant Bank	12	Equatorial Bank plc	12	Royal Trust Bank	12
Bank of Baroda	12	Exeter Trust Ltd	12½	● Smith & Williamson Secs.	12
Banco Bilbao Vizcaya	12	Financial & Gen. Bank	12	Standard Chartered	12
Bank Hapoalim	12	First National Bank Plc.	13	TSB	12
Bank Leumi (UK)	12	● Robert Fleming & Co.	12	UDT Mortgage Exp	§12.75
Bank Credit & Comm	12	Robert Fraser & Ptnrs.	12½	United Bk of Kuwait	12
Bank of Cyprus	12	Girobank	12	United Mizrahi Bank	12
Bank of Ireland	12	● Guinness Mahon	12	Unity Trust Bank Plc	12
Bank of India	12	HFC Bank plc	12	Western Trust	12
Bank of Scotland	12	● Hambros Bank	12	Westpac Bank Corp.	12
Banque Belge Ltd	12	Heritable & Gen Inv Bnk	12	Whiteaway Laidlaw	12½
Barclays Bank	12	● Hill Samuel	§12	Yorkshire Bank	12
Benchmark Bank PLC	12	C. Hoare & Co.	12		
Berliner Bank AG	12	Hongkong & Shangh	12		
Brit Bk of Mid East	12	● Leopold Joseph & Sons	12		
● Brown Shipley	12	Lloyds Bank	12		
Business Mtge Tst	12½	Meghraj Bank Ltd	12		
CL Bank Nederland	12	McDonnell Douglas Bnk	12.25		
Central Capital	12	Midland Bank	12		
● Charterhouse Bank	12	Mount Bnkg Corp.	12		
Citibank NA	12	Nat Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 5.22% Sureste: 8.47%. Top Tier-£10,000+ instant access 11.06% § Mortgage base rate. § Demand deposit 7%. Mortgage 12.375% - 12.75%

EUROPEAN OPTIONS EXCHANGE

Series		Nov. 88 Vol	Nov. 88 Last	Feb. 89 Vol	Feb. 89 Last	May 89 Vol	May 89 Last	Stock
GOLD C	$400	15	14	8	25.20	–	–	$403.40
GOLD C	$420	21	4	45	13.50	19	25	$403.40
GOLD C	$440	155	1.50	–	–	12	14.50	$403.40
GOLD C	$460	–	–	5	4	100	9.30	$403.40
GOLD P	$390	39	3.50	–	–	50	9	$403.40
GOLD P	$400	82	6.50	15	9.50	7	13.50	$403.40
GOLD P	$420	58	16.80	471	19	43	20	$403.40
GOLD P	$440	24	36	–	–	–	–	$403.40

Series		Oct. 88 Vol	Oct. 88 Last	Nov. 88 Vol	Nov. 88 Last	Dec. 88 Vol	Dec. 88 Last	Stock
EOE Index C	Fl. 225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index C	Fl. 230	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index C	Fl. 235	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index C	Fl. 240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index C	Fl. 245	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index C	Fl. 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index P	Fl. 225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index P	Fl. 230	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index P	Fl. 235	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index P	Fl. 240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19
EOE Index P	Fl. 245	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 245.19

[illegible: further options series (OBL Index P; $/Fl C and P; share options ABN, AEGON, AHOLD, AKZO, AMRO, BUHRMANN-T, ELSEVIER, GIST-BROC., HEINEKEN, HOOGOVENS, KLM, KNP, NEDLLOYD, NAT.NED., PHILIPS, ROYAL DUTCH, UNILEVER, VAN OMMEREN, WESSANEN)]

TOTAL VOLUME IN CONTRACTS : 47,305

A=Ask B=Bid C=Call P=Put

INTERNATIONAL COMPANIES AND FINANCE

Lotus shares fall sharply as 1-2-3 update is delayed

By Louise Kehoe in San Francisco

LOTUS DEVELOPMENT'S share price skidded $2.75 to $17 yesterday morning on news that the leading US software publisher has again delayed introduction of a long-awaited upgraded version of 1-2-3, its spreadsheet program.

The delay is expected to have a significant impact on Lotus' earnings, analysts said.

Lotus had previously announced delays due to "bugs" in the program, but had expected to complete the product before the end of the year. Lotus said yesterday, however, that shipments were not expected to begin until the second quarter of 1989.

The new version of 1-2-3 is widely regarded as vital to Lotus' efforts to retain leadership of the business personal computer software market. Lotus is under immense competitive pressure from such companies as Microsoft and Borland International, both of which have achieved significant success with recently-introduced spreadsheet programs.

Mr Jim Manzi, Lotus' president, has in the past described the new version of 1-2-3 as "absolutely the most important" product the company was developing. Last month, Lotus said that the delay of its upgraded 1-2-3 software were already having an effect on revenues. The company said it expected third-quarter earnings to be below those of the second quarter, when the company reported earnings of $17.3m, or 38 cents per share.

Mr Frank King, Lotus' senior vice president of the Software Products Group, said yesterday: "We've overcome the major hurdles and we're now working on fixing the bugs and fine tuning the product. We've added additional time to the schedule to make absolutely sure we deliver a product that meets our standards for quality, performance, compatibility and portability."

Tokyo hit by second securities scandal

By Tony Jackson in Tokyo

TOKYO HAS suffered its second big securities scandal in a week with an admission by Yamaichi, one of Japan's Big Four stockbrokers, that one of its young employees has defrauded a client of Y750m ($5.6m). On Wednesday, a former employee of Nomura, Japan's biggest brokerage house, was arrested for defrauding a client of Y300m.

In a step believed to be unprecedented in the Tokyo market, Yamaichi has paid the client back not only the Y750m, but a further Y70m of notional profit which he should have made on the deal. Nomura, by contrast, has refused any compensation, denying responsibility for the fraud by its ex-employee, which took place last February.

In the Yamaichi case, the client had paid the money on the basis of what the employee had claimed was inside information about two railway stocks. Yamaichi said its decision to repay was based on the fact that the inside information claimed by the employee was bogus. The money was used for other speculative transactions by the employee.

It is also thought that Yamaichi's decision was influenced by the fact that the employee was a 26-year-old still in training and therefore seen as the company's responsibility. It is believed that a police investigation is under way.

Intel boosts income by 77%

By Our San Francisco Correspondent

INTEL, the leading US microprocessor manufacturer, has reported record sales and earnings for its third quarter, boosted by high demand from the personal computer industry.

Net income for the quarter ended September 24 rose 77 per cent to a record $143m, or 78 cents per share, compared with $81m, or 45 cents, a year ago. Revenues totalled $785m, up 57 per cent from $501m for the same period last year.

For the first nine months of 1988, net income rose 141 per cent to $367m or $2.05 a share from $153m or 84 cents a year earlier. Revenues totaled $2.1bn against $1.3bn.

Intel's performance is being closely watched for signs of softening in the personal computer market, on which it is highly dependent. Executives of other major US semiconductor companies, including Advanced Micro Devices, have said they are seeing a slowdown in orders from personal computer manufacturers.

Intel said yesterday: "Overall, new orders received in the third quarter were below the record level set in the second quarter. From a regional standpoint, Asian markets were strong, while the North American and European markets showed some softness."

Sales of Intel's high performance 386 microprocessor, which is used in the latest personal computers, continue to grow, the company said, but it noted that supply has now caught up with demand.

Budget ponders possible sale

By Our Financial Staff

BUDGET RENT A CAR, the medium-sized US car rental group, has retained Morgan Stanley, the investment bank, to explore strategies to enhance shareholder values, including a possible sale of the company.

It also said it had retained Drexel Burnham Lambert to advise management. The possible sale of the company was not in response to any inquiry and no decision would be made until Morgan Stanley had completed its evaluation.

Rhône-Poulenc in talks in US

By Paul Betts in Paris

RHONE-POULENC, the French state-controlled chemicals group, is negotiating to buy the agrichemical business of Uniroyal Chemical as part of its overall efforts to expand in the US and strengthen its presence in the agrichemical sector.

The French group acquired the agrichemical interests of Union Carbide two years ago for about $550m and has earmarked this sector as one of its four core businesses with chemicals, pharmaceuticals and fibres.

Avery, a subsidiary of Triangle Industries, acquired control of Uniroyal Chemical two years ago but has since attempted to shed the chemicals company.

However, Rhône-Poulenc is understood to be interested only in the agrichemical operations of Uniroyal Chemical, which account for about $250m of the company's $700m total annual sales. Avery and Triangle Industries, on the other hand, are understood to prefer selling the chemicals company in one block.

French industry sources said last night that Rhône-Poulenc was interested in the agribusiness of Uniroyal Chemical as long as the price and other conditions were right.

The deal would further increase the critical mass of Rhône-Poulenc in the agrichemical market as well as boost its overall penetration of the US, where it has also acquired for about $500m the inorganic chemical activities of Stauffer as well as the agrichemical interests of Union Carbide.

The French group also recently announced additional US investments.

HCA rejects bid

HOSPITAL CORPORATION of America, the big US hospital management group, said the special committee of its board informed its management that a leveraged buyout proposal at or about $47 per share would be rejected by the committee as not being in the best interest of its shareholders, writes our financial staff.

Profits clipped at Columbia Pictures

By Our Financial Staff

COLUMBIA Pictures Entertainment, the film production company in which Coca-Cola, the leading US soft drinks company, has a 49 per cent stake, reported net earnings of $4.97m in the second quarter of 1988 compared with $15.84m in the same period of last year.

Earnings per share fell to four cents from 21 cents on turnover of $373.1m compared with $330.3m in the second quarter of last year.

Net earnings totalled $7.66m in the six months ending on August 31, the first six-monthly figures since last autumn when Coca-Cola combined its 100 per cent stake in Columbia with its 40 per cent stake in Tri-Star Pictures.

Earnings per share in the six months were seven cents on turnover of $763.6m compared with 32 cents on turnover of $528.7m.

The results come amid speculation that Coca-Cola will sell its interest in Columbia, or that a top management shake-up is imminent. Coca-Cola said: "The rumours are getting more outlandish every day."

Wärtsilä plunges into the red

By Olli Virtanen in Helsinki

WARTSILA, the Finnish shipbuilding and engineering group, yesterday reported a loss of FM302m ($67m) after extraordinary items for the first eight months of this year compared with a profit of FM47m for the same period of 1987.

The result, which is much poorer than the group had forecast, is entirely due to a loss of FM388m suffered by Wärtsilä Marine, the shipbuilding subsidiary which accounts for 48 per cent of group sales.

Total sales during the period increased by 17 per cent to FM3.6bn. The group's financial position and solvency, says the interim report released yesterday, remain good. Its non-restricted equity stands at FM2bn.

Wärtsilä said the latest losses included foreseeable shipbuilding losses to the tune of "several hundred million Finnmarks."

On the other hand, the result also includes expected compensation to Wärtsilä Marine from its parent company and from Valmet, which owns 30 per cent of the shipbuilding unit. This stems from miscalculations made when Wärtsilä and Valmet companies formed Wärtsilä Marine at the beginning of 1987.

The unit's executives have discovered that Valmet disclosed inaccurate information about 11 Arctic cargo ships ordered by the Soviet Union from Valmet before the two companies merged their respective shipbuilding operations.

Wärtsilä did not disclose the amount of losses and compensation included in the 1988 figures.

All the group's other operations, including diesel engines, sanitary porcelain, security and industrial robots improved their respective results.

● Tampella, the Finnish metal and forest products group, will raise a total of FM494m through a combination of a rights issue, a bond with warrants and a convertible bond.

The one-for-five rights issue offered at FM50 a share. The issue will raise Tampella's share capital by FM45m to FM260m.

The bond with warrants will raise FM150m, and runs for six years at an interest rate of 3.5 per cent. Each FM1000 bond carries two warrants, each of which entitles the holder to buy six restricted Tampella shares at FM167 a piece.

Gardini to sell Ferfin stake

By Alan Friedman in Milan

MR RAUL GARDINI, head of the Ferruzzi-Montedison group, is to move ahead in two weeks with the last phase of his large-scale share restructuring by trying to sell most of the 34 per cent of the shares in his master Ferruzzi Finanziaria (Ferfin) holding vehicle which are now cross-owned by Montedison.

The operation, if it were to take place at yesterday's Milan bourse price of L3,053 per Ferfin share, would raise L1,114bn ($801m).

Montedison owns 34 per cent of Ferfin, which in turn owns 42 per cent of Montedison, as a result of the controversial asset play organised by Mediobanca, the Milan merchant bank.

This deal, which came under fire on the Milan bourse because it removed from Montedison its prize META financial services assets, created a situation in which Montedison had a cross-holding significantly above the 2 per cent limit allowed under Italian company law.

Between October 18 and 24 Mediobanca will underwrite the offer of 365m Ferfin shares now held by Montedison. Thus, Montedison shareholders will be asked to buy Ferfin shares (which include control of Montedison) on the basis of 135 ordinary Ferfin shares for every 1,000 Montedison shares held.

These 365m shares amount to 31.2 per cent of Ferfin and not the full 34 per cent because a certain number of shares need to be held for holders of convertible bonds.

Ferruzzi Agricola Finanziaria (FAF), the Ferfin vehicle which controls 42 per cent of Montedison, will be offered 118m of the 365m shares.

Meanwhile, Montedison announced yesterday that it had won its tender offer for SIR, an unquoted specialty chemicals and textiles business under government-appointed administration. The price is likely to be near L180bn.

Harcourt to issue new equity

By Our Financial Staff

HARCOURT Brace Jovanovich, the Florida-based publisher, plans to issue about $100m in new equity and $400m in debt securities to repair a balance sheet weighed down with bank borrowings incurred last year in fighting off Mr Robert Maxwell of the UK.

An offering of 10m shares, representing as much as 34 per cent of Harcourt Brace's expanded capital, is to be made in the US and internationally. Some 3m of the shares are being set aside for foreign investors. No price was specified.

Shares in Harcourt Brace eased 3⅛ by lunchtime in New York yesterday to trade at $10⅛.

The company said in Orlando yesterday it would use proceeds to repay $800m of bank borrowings under a term loan and reduce other borrowings under a working capital facility.

It has been hampered by interest payments since amassing a high-interest debt of $2.9bn.

Euroc profits soar after shake-up

By Sara Webb in Stockholm

EUROC, the Swedish building materials, engineering and trading group, said profits (after financial items) jumped 81 per cent to SKr443m ($69.5m) in the first eight months, helped by group restructuring, recent acquisitions and an increased order intake resulting from a boom in the construction industry.

Full-year profit is expected to reach SKr750m compared with SKr467m in 1987.

Order intake for the group increased by 36 per cent to SKr5.743bn in the first eight months and led to increased use of capacity, the group said. Taking acquisitions and disposals into account, the rise in orders was 13 per cent. Euroc expects orders to total SKr8bn this year compared with SKr6.788bn in 1987.

The group has undergone massive restructuring changes during the last two years after turning in a poor profit performance in 1986.

Gold Fields SA restructures Namibia unit

By Jim Jones in Johannesburg

GOLD FIELDS of South Africa (GFSA), the local affiliate of the UK's Consolidated Gold Fields, has restructured its Namibian mining and exploration interests, transferring them to a new company, Gold Fields Namibia (GFN), which is to be listed on the Johannesburg Stock Exchange on October 19 with an initial value of R128m ($51.4m).

This follows a private placing of 700,000 shares at R8 each with Namibian investors. GFSA will initially hold 79.7 per cent of the 16m issued shares of GFN, which is registered in the capital of Windhoek. Seltrust Investments will hold 8.3 per cent, BP Minerals 3.5 per cent and the Gencor group 3.7 per cent.

GFSA has not said why it has decided to list its Namibian interests as a separate company now. The process was set in train before Minorco launched its bid last month for Gold Fields in London. Johannesburg stockbrokers believe one possible motive is to protect the interests from nationalisation once the territory gains independence from South Africa.

They say South African mining groups are reluctant to invest further money in Namibia until the independence issue has been clarified — no timetable has been agreed — and that a stock exchange listing will allow GFN to raise outside finance for its Namibian subsidiary.

GFN's operating arm consists of the wholly-owned Tsumeb Corporation, a copper mining company formerly controlled by Newmont, Gold Fields' US associate. Tsumeb runs three copper-lead-silver mines as well as a copper-lead smelter. Last year, it produced 37,658 tonnes of blister copper, 40,634 tonnes of lead, 95,406kg silver and 172kg gold.

Its sales revenue was R222m which generated a pre-tax profit of R26.1m. This year, copper sales are forecast to reach 40,000 tonnes, lead 50,000 tonnes and silver 107,000kg, generating a pre-tax profit of [illegible], net earnings of [illegible] and a dividend of at least 130 cents.

[illegible] Namibia and is [illegible] its prospecting efforts on searching for gold and copper. It has also delineated [illegible], salt and soda salt deposits.

Apart from Tsumeb, Namibia's principal mining companies are De Beers' Consolidated Diamond Mines (CDM) and RTZ's Rossing Uranium.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$403.00	+8.25	$461.25	$485.5	$394.75
Silver Per troy oz.	372.15p	+6.40	473.6p	457.75p	338.75p
Aluminium 99.7% (cash)	$2305	+100	$2025	$4205	$1915
Copper Grade A (cash)	£1582	+60	£1185.5	£1657.5	£1129.5
Lead(cash)	£372	+3	£364.5	£402.5	£328
Nickel (cash)	$11450	-50	£3272.5	$22200	£4022.5
Zinc (cash)	$1402.5	+65	£464.5	$1475	$850
Tin (cash)	£4270	-80	£4160	£4540	£3625
Cocoa Futures (Mar)	£792	+70	£1213.5	£1182	£722
Coffee Futures (Jan)	£1155	-48	£1403	£1317	£922
Sugar (LDP Raw)	$249.0	+3.6	$171	$372	$213.6
Barley Futures (Jan)	£108.70	+0.25	£106.5	£109.85	£97.25
Wheat Futures (Jan)	£110.30	-1.05	£111.6	£115	£103.35
Cotton Outlook A Index	57.00c	+1.35	78.4c	75.3c	54.9c
Wool (64S Super)	672p	+12	488p	673p	484p
Rubber (Spot)	59p	-3	67p	88p	58.5p
Oil (Brent Blend)	$11.325	-0.550	$18.85	$17.525	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$9.05-9.20z	
Brent Blend	$11.20-11.25	+.075
W.T.I. (1 pm est)	$12.68-2.81z	+0.13
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$154-157	-2
Gas Oil	$101-104	
Heavy Fuel Oil	$51-52	-0.5
Naphtha	$114-117	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$403.00	-0.25
Silver (per troy oz)♦	632c	
Platinum (per troy oz)	$510.50	-3.25
Palladium (per troy oz)	$120.25	
Aluminium (free market)	$2215	+30
Copper (US Producer)	126¾-130c	+1½
Lead (US Producer)	36c	
Nickel (free market)	590c	
Tin (European free market)	£4270	+15
Tin (Kuala Lumpur market)	16.3r	
Cattle (live weight)†	110.09p	+2.16*
Sheep (dead weight)†	145.10p	+1.68*
Pigs (live weight)†	72.17p	+2.23*
London daily sugar (raw)	$249.0x	-2.0
London daily sugar (white)	$257x	-2
Tate and Lyle export price	£259.5	-2.0
Barley (English feed)	£108.25	
Maize (US No. 3 yellow)	£127v	
Wheat (US Dark Northern)	£123.50z	-0.75
Rubber (spot)♦	59.00p	
Rubber (Nov)♦	63.25p	
Rubber (Dec)♦	63.75p	
Rubber (KL RSS No 1 Nov)	290.5m	-2.0
Coconut oil (Philippines)§	$595w	
Palm Oil (Malaysian)§	$425.0x	-2.5
Copra (Philippines)§	$360	
Soyabeans (US)	£200.5	-2.0
Cotton "A" index	57.00c	+0.05
Woollops (64s Super)	672p	+12

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep. s-Sep/Oct. z-Oct/Nov. w-Nov/Dec. v-Oct/Dec. x-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♦London physical market. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Dec	795	789	795	770
Mar	792	782	800	780
May	803	795	809	795
Jul	815	806	824	808
Sep	832	822	834	826
Dec	857	855		
Mar	867	860		

Turnover: 5218 (6648) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Oct 6: 974.34 (965.89) ; 10 day average for Oct 7: 935.17 (931.49).

COFFEE £/tonne

	Close	Previous	High/Low	
Nov	1157	1170	1160	1155
Jan	1155	1181	1174	1142
Mar	1142	1160	1163	1137
May	1140	1160	1153	1137
Jly	1127	1149	1151	1134
Sep	1126	1143	1147	1142
Nov	1140	1150	1147	1130

Turnover: 3279 (3795) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Oct 5: Comp. daily 113.94 (114.22). 15 day average 115.05 (114.83).

GAS OIL $/tonne

	Close	Previous	High/Low	
Oct	103.25	103.50	104.75	102.50
Nov	105.75	106.00	107.00	105.00
Dec	106.00	107.75	108.00	107.00
Jan	106.50	109.00	110.25	108.00
Feb	106.50	108.00	108.75	106.25
Mar	105.25	107.00	106.25	107.00
Apr	103.75	107.00	105.25	103.75

Turnover 8445 (11802) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Nov	107.20	107.20	107.30	107.05
Jan	110.30	111.45	110.35	110.20
Mar	113.00	113.80	113.40	113.25
May	115.15	116.30	116.15	116.00
Jly	117.40	117.50	117.40	
Sep	102.25	102.25	102.25	
Nov	105.00	105.00	105.00	

Barley	Close	Previous	High/Low	
Nov	105.35	105.50	105.50	105.00
Jan	108.70	108.90	109.00	108.65
Mar	110.70	110.90	111.00	110.65
May	112.45	112.75	112.45	99.00
Sep	99.15	99.00	99.15	99.00
Nov	101.75	101.75	101.75	

Turnover: Wheat 267 (65) . Barley 82 (101) . Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,700 tonne
Cash	2300-10	2285-95		2310-20		
3 months	2230-5	2225-40	2275/2225	2235-9	2240-50	14,603 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 4,150 tonne
Cash	1325-45	1325-30		1365-70		
Dec. 21	1295-9	1282-5	1330/1295	1320-5	1290-5	33,270 lots
Copper, Grade A (£ per tonne)						Ring turnover 21,200 tonne
Cash	1581-3	1555-6	1572/1570	1572-4		
3 months	1504-5	1485-6	1510/1497	1489-500	1505-6	63,282 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1560-80	1535-65		1540-60		
Jan. 4	1485-95	1475-85		1480-90		
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	628-9	627-9		628-7		
3 months	638-42	640-2		638-40		435 lots
Lead (£ per tonne)						Ring turnover 8,050 tonne
Cash	371-3	379-80	372/371.5	371.5-2		
3 months	370-1	377-8	376/370	371-2	370-1	9,928 lots
Nickel ($ per tonne)						Ring turnover 1,122 tonne
Cash	11400-500	11100-200	11600	11500-600		
3 months	10300-50	9950-10000	10400/10200	10325-50	10200-300	5,941 lots
Zinc ($ per tonne)						Ring turnover 17,650 tonne
Cash	1400-5	1380-5	1400/1390	1389-90		
3 months	1310-5	1288-9	1325/1295	1303-5	1317-20	16,749 lots

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2150	180	183	26	105
2250	113	136	65	154
2350	64	96	109	213
Copper (Grade A)	**Calls**		**Puts**	
2400	273	193	15	114
2550	159	123	50	191
2700	79	75	119	289

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	402¾-403¼	237-237½
Opening	403-403½	238-238½
Morning fix	404.25	238.425
Afternoon fix	403.9	237.728
Day's high	404½-405	
Day's low	402¾-403¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	414-419	243½-246½
Britannia	414-419	243½-246½
US Eagle	414-419	243½-246½
Angel	413-418	243-246
Krugerrand	402-405	236½-238½
New Sov.	94¾-95¾	55¾-56½
Old Sov.	94¾-95¾	55¾-56½
Noble Plat	535.05-531.2	309.95-313.55
Silver fix	**p/fine oz**	**US cts equiv**
Spot	372.15	631.00
3 months	383.15	644.45
6 months	394.10	658.45
12 months	414.85	686.35

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	58.0	58.0	56.5	55.5
Feb	71.0	71.0		
Apr	95.8	95.8	95.8	94.5
May	107.0	108.0	105.0	104.5
Nov	80.0	85.0	80.0	

Turnover 201 (470) lots of 40 tonnes.

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	219.80	219.00	218.00	216.00
Mar	213.80	212.20	216.00	211.20
May	211.00	209.80	211.40	209.20
Aug	206.80	207.60	210.00	
Oct	207.80	205.60	206.00	
White	**Close**	**Previous**	**High/Low**	
Dec	253.00	251.00	253.00	251.00
Mar	247.00	245.50	249.00	244.00
May	247.00	246.00	249.00	244.00
Aug	248.00	246.50		
Oct	247.00	248.00		
Dec	247.00	246.00		
Mar	246.00	245.00	249.00	244.00

Turnover: Raw 1508 (2886) lots of 50 tonnes. White 1774 (1831).
Paris- White (FFr per tonne): Dec 1570, Mar 1580, May 1557, Aug 1580, Oct 1580, Dec 1500

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Oct	1350	1347	1357	1345
Nov	1415	1409	1460	1412
Jan	1452	1448	1455	1445
Apr	1505	1500	1505	1500
Jul	1323	1305	1323	
BFI	1291	1291		

Turnover 216 (288)

US MARKETS

DESPITE BETTER than expected US unemployment figures, the precious metals consolidated in quiet volume, easing slightly towards the close with the trade showing some underlying support, reports Drexel Burnham Lambert. Copper made new contract highs again on commission house buying following earlier trade profit-taking. Energy futures firmed on pre-weekend shortcovering, crude oil derived some strength from the November options expiry. The grains were quiet, soybeans continued to ease reflecting a recent bearish report, corn was a two-sided affair, easing on balance in line with the beans, while wheat held steady in light volume. Pork bellies were under pressure reflecting seasonal weakness in the market, cattle and hogs were quiet. Coffee eased sharply following early gains as fund selling emerged. Cocoa was firmon short-covering and commission house buying. Sugar was featureless. Cotton firmed in early trading on local buying, but eased back on trade and commission house selling.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	403.2	403.8	404.5	402.0
Nov	405.0	405.7	0	0
Dec	407.3	408.0	409.1	406.0
Feb	412.4	413.2	413.8	411.3
Apr	417.5	418.4	417.4	416.3
Jun	422.7	423.7	423.4	421.2
Aug	428.0	429.2	430.4	430.4
Oct	433.5	434.8	0	0
Dec	438.8	440.2	439.8	438.4

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	509.6	510.4	512.0	508.0
Jan	508.1	508.9	511.5	506.0
Apr	512.6	513.9	514.0	511.1
Jul	517.6	518.9	518.5	516.5
Oct	524.1	525.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	632.5	628.8	636.0	636.0
Nov	636.0	632.5	0	0
Dec	640.5	637.0	646.0	637.0
Jan	645.5	642.0	0	0
Mar	655.3	651.9	660.0	651.5
May	665.2	661.9	670.0	666.0
Jul	675.7	672.5	677.0	671.5
Sep	685.7	682.6	0	0
Dec	701.1	698.2	704.0	708.0
Jan	706.0	703.2	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	124.20	122.40	124.50	124.00
Nov	119.20	117.40	0	0
Dec	115.15	113.40	115.50	113.30
Jan	111.35	110.00	0	0
Mar	103.25	102.90	104.00	102.50
May	99.25	98.90	99.70	99.70
Jul	96.45	96.30	96.00	96.00
Sep	94.75	94.90	0	0
Dec	93.00	92.90	93.50	92.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	12.83	12.66	12.90	12.69
Dec	12.54	12.37	12.69	12.38
Feb	12.60	12.42	12.66	12.47
Mar	12.66	12.50	12.75	12.57
Apr	12.63	12.58	12.81	12.63
May	12.73	12.66	12.85	12.70
Jun	12.90	12.74	13.00	12.85
Jul	12.98	12.82	13.00	12.98
Aug	13.05	12.90	13.09	13.01

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	3740	3724	3780	3710
Dec	3810	3792	3850	3785
Jan	3870	3843	3900	3840
Feb	3860	3838	3890	3840
Apr	3610	3575	3635	3585
Jun	3475	3448	3500	3470
Jul	3480	3448	3480	3480

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1278	1239	1280	1242
Mar	1257	1234	1260	1230
May	1275	1257	1276	1255
Jul	1300	1275	1300	1270
Sep	1323	1298	1310	1295
Dec	1370	1335	1370	1338
Mar	1392	1363	1387	1383

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	123.80	124.39	124.85	122.25
Mar	124.60	125.36	126.00	123.50
May	124.00	125.30	125.50	123.75
Jul	124.25	125.25	124.45	123.10

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	9.05	9.11	9.43	9.40
Mar	9.42	9.38	9.57	9.31
May	9.27	9.22	9.36	9.17
Jul	9.16	9.10	9.16	9.09
Oct	9.03	9.00	9.02	8.98
Jan	8.25	8.25	0	0
Mar	8.60	8.70	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	56.50	56.25	56.50	56.20
Dec	52.71	52.47	53.10	52.11
Mar	52.65	52.35	52.90	52.00
May	52.35	52.50	52.65	52.35
Jul	52.90	52.45	52.95	52.60
Oct	53.50	53.73	53.50	53.50
Dec	53.40	53.55	53.95	53.30

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	179.40	180.25	180.25	179.10
Jan	170.75	171.10	171.95	170.45
Mar	166.60	166.30	169.10	167.60
May	166.85	166.75	0	0
Jul	165.85	166.35	0	0
Nov	162.25	162.95	0	0
Jan	160.25	160.95	0	0
Mar	160.25	160.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Oct 6	Oct 5	mnth ago	yr ago
1854.0	1857.7	1866.0	1641.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.29	131.80	133.77	127.29
Futures	136.72	135.91	137.33	133.01

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	790/0	812/6	810/0	789/0
Jan	801/0	822/6	820/0	800/0
Mar	807/6	829/0	824/4	807/4
May	808/4	826/0	824/0	806/0
Jul	800/0	819/4	821/0	799/0
Aug	789/0	805/0	807/0	789/0
Sep	743/0	750/0	755/0	742/0
Nov	714/4	724/2	728/0	714/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	23.78	24.45	24.23	23.71
Dec	24.19	24.80	24.68	24.16
Jan	24.46	24.95	24.95	24.45
Mar	25.02	25.70	25.50	24.95
May	25.45	26.00	25.85	25.35
Jul	25.55	26.20	26.05	25.55
Aug	25.45	26.05	26.00	25.45
Sep	25.60	26.20	26.05	25.60

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	255.3	262.0	262.0	255.2
Dec	255.3	261.7	261.7	255.2
Jan	253.7	259.5	260.0	253.6
Mar	250.6	255.2	255.0	250.5
May	247.7	252.0	251.5	247.5
Jul	242.7	246.0	247.0	242.5
Aug	235.0	238.0	238.0	235.0
Sep	229.0	228.5	232.0	229.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	294/2	298/0	297/2	294/0
Mar	297/0	301/0	300/2	296/4
May	298/0	301/4	301/2	297/4
Jul	294/6	297/4	297/6	294/2
Sep	270/4	273/2	274/4	270/4
Dec	258/6	258/6	261/4	258/4
Mar	263/4	264/4	266/0	263/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	434/4	432/6	435/0	429/0
Mar	439/2	437/4	440/0	434/4
May	412/0	410/2	415/0	408/4
Jul	372/2	371/6	373/0	369/0
Sep	375/0	374/4	376/4	372/4
Dec	380/0	0	382/4	310/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.32	72.47	72.47	71.92
Dec	74.65	74.62	74.67	74.15
Feb	74.70	74.85	74.85	74.35
Apr	75.77	75.85	76.00	75.60
Jun	74.67	74.75	74.90	74.52
Aug	72.20	72.22	72.35	72.05
Sep	71.90	71.90	0	0
Oct	71.65	71.60	71.70	71.45

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.45	40.02	40.50	40.00
Dec	42.42	42.50	43.20	42.32
Feb	45.75	45.77	46.35	45.55
Apr	44.32	44.42	44.95	44.27
Jun	48.45	48.70	48.90	48.20
Jul	49.10	48.80	49.20	48.50
Aug	48.15	48.00	48.30	47.85
Oct	45.40	45.20	45.60	45.40

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	47.52	48.67	48.30	47.40
Mar	47.92	49.42	49.00	47.90
May	49.55	51.15	51.30	49.50

INTL. COMPANIES

Nova shapes up to the challenge of development

Andrew Baxter on a new US drugs group with no products

Two years ago, the former chairman of one of the world's biggest and most successful drugs groups stood up to address a brokers' lunch at a livery hall in the City of London.

For Mr John Huck, who had recently retired from Merck, it ought to have been a fairly routine task. But on this occasion, he had to admit that the company he now chaired, Baltimore-based Nova Pharmaceutical, had no products to sell, and would be several years away from getting any to the market.

For the hard-nosed institutions present, the news may have proved as unpalatable as the subject matter — brain tumour treatment, nasal sprays for the relief of the common cold and arcane theories about the creation and relief of pain.

Two years later, the sceptics in that City audience could be proved right. Nova still has no products on the market, and as ever with drug research, it is possible even now that nothing will emerge commercially from what appear to be some promising, even exciting, lines of inquiry.

But behind the scenes, Nova has been transformed, says Dr Salvatore (Sam) Enna, senior vice-president and scientific director. By 1986, the company had "taken on a lot of projects, and become rather diffuse" and now has narrowed the number of projects it is working on.

Just as importantly, Nova has raised close to $100m in the past year from a limited partnership set up last year and from a wide-ranging co-operation agreement, announced in May, with SmithKline Beckman, the big US drugs group.

The result is that a lot more investors' money is riding on Nova's success than in 1986. The six-year-old company, which has a market capitalisation of $155m, even with its shares at depressed post-crash levels, is on the road to becoming a production company and not just a collection of scientists with some ideas.

"Our muscles are very much on the research side," says Dr Enna, a former professor of pharmacology at the University of Texas. "We are now hiring people more for the development side. In the next two to three years, we will have to bring in marketing people. The last thing is manufacturing, probably in five to 10 years."

The attention that Nova has received partly reflects its public company status, not unusual in the US for a company at its early stage of development, but also stems from the nature of its work. This is balanced between areas where there is little or no hope of a cure and others where its researches could remove some of life's pains and irritations.

Nova has recently completed Phase 1 trials to assess the tolerability and safety of its timed-release implant which delivers a chemotherapeutic agent, BCNU, directly to malignant brain tumours. Assuming results of the trial are successful, Dr Enna says Nova would move on to a definitive study of the implant's effectiveness, taking 18 to 24 months, before filing a New Drug Application submission to the Federal Drug Administration (FDA) in 1990-91.

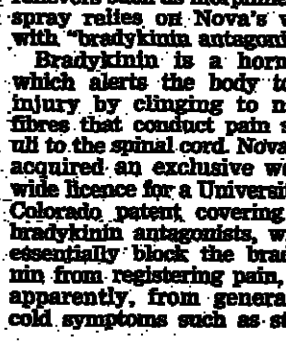
However, with an estimated 12,000 new cases of primary brain tumour each year in the US alone, for whom current treatment is ineffective, Dr Enna and Wall Street are confident that, as analyst Mr David Bartash at Dean Witter Reynolds puts it, "any reasonable advance in therapy should have a fairly rapid trip through clinical testing and the FDA."

It is for this reason that Dr Enna believes the implant could be the first Nova product on the market "if we can show that we can extend the patient's life significantly and improve the quality of life." He says present average time between diagnosis of a primary brain tumour and death is 90 days.

A different timetable, however, is foreseen for the company's nasal spray for cold symptoms. As the common cold is not a life-threatening complaint, the FDA and other authorities are unlikely to allow it to be sold without the most rigorous investigation of any possible side-effects.

The nasal spray is in an early stage of testing. In common with Nova's work to find a topical (that is, at the site of a wound) relief for burn pains as a substitute for general pain relievers such as morphine, the spray relies on Nova's work with "bradykinin antagonists."

Bradykinin is a hormone which alerts the body to an injury by clinging to nerve fibres that conduct pain stimuli to the spinal cord. Nova has acquired an exclusive worldwide licence for a University of Colorado patent covering the bradykinin antagonists, which essentially block the bradykinin from registering pain, and apparently, from generating cold symptoms such as stuffiness and runny noses.



Dr Salvatore Enna: 'Our muscles are in research'

It was Nova's work with bradykinin antagonists that first attracted SmithKline, and particularly its chairman Henry Wendt, to strike up a relationship after some years of informal contacts.

SmithKline is paying an eventual $40m for a stake of 15-20 per cent, but Dr Enna says the bigger company could end up investing as much as $100m.

Even for a company of SmithKline's size, that is not a sum to be sniffed at. But both companies hope their joint efforts researching bradykinin antagonists will go well beyond the common cold technology into broader areas of pain relief.

For Nova, which has been used to living hand-to-mouth, the deal has brought financial security when big companies are becoming shy of making such investments.

At present, it is "very much a honeymoon period for the two companies," Dr Enna says. "People at SmithKline find it a lot of fun to be associated with us. We get a kick out of having a relationship with a traditional research firm."

But the real test of the relationship could come in the 1990s if Nova can produce the blockbuster of which every drug company dreams — and that includes SmithKline, which needs a stroke of luck after this year's widely-publicised problems.

For a while, Nova might be able to market its brain tumour implant quite easily to the relatively small number of neurosurgeons who might use it. An anti-cold nasal spray, perhaps sold over-the-counter worldwide, would require the marketing strengths and know-how of a company such as SmithKline.

If all goes well, Nova could be one of the world's biggest drug companies in 10 years. Alternatively, if its products fail to make it through their trials, it could go nowhere. As Dean Witter's Mr Bartash puts it, "the course of new drug development is notoriously bumpy."

Austria in utility sell-off

By Our Financial Staff

THE Austrian Government will sell 20 per cent of Vorarlberger Kraftwerke (VKW), a regional utility, to the public for Sch520m ($40m).

Hypothekenbank Vorarlberg and Oesterreichische Laenderbank, the two lead managers, priced the offering at Sch3,050 for each of the 170,400 shares. The subscription period runs from October 17 to 21, and official listing will start on November 7.

The share price was in line with market expectations, and the offering is likely to be heavily placed among regional retail investors in Vorarlberg, Austria's smallest and most western state, and some Swiss institutions, analysts say.

VKW's offering is seen as a test for the larger share placement of 49 per cent of Oesterreichische Verbundsgesellschaft, the country's main utility, in November.

This flotation, likely to be the country's largest, could raise as much as Sch6bn. Terms will be set on November 17, with observers expecting a price of about Sch850 for each of the 15m shares.

Meanwhile, Oesterreichische Laenderbank, Austria's third biggest bank, is making a nominal Sch150m rights issue, the sixth in five years, said Mr Konrad Rumpold, management board member. He said subscription for the issue, priced at Sch280 per nominal Sch100 share, would be open until October 21.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hit by employment data

The dollar fell back from a firm start in Europe yesterday, after the September US employment figures tended to confirm the view that the US Federal Reserve will not be forced into tightening its monetary policy.

The US unemployment rate in September fell to 5.4 p.c. from 5.6 p.c., but the trend in employment was not as strong as expected.

Non-farm payrolls rose by 255,000, compared with market forecasts of 280,000 to 300,000, while the rise in August non-farm employment was revised down to 169,000 from 219,000.

The dollar opened firmer on speculation that strong employment data would encourage the Federal Reserve to raise interest rates, but traders were then forced to unwind long positions as the mood on the foreign exchanges turned bearish for the US currency.

Other factors, such as the approach of the US presidential election next month and the weakness of the oil market also point towards no early change in US monetary policy.

North Sea oil prices were little changed yesterday, with Brent crude rising slightly to $11.35 a barrel, from $11.30 on Thursday.

The next test of the dollar is likely to be next Thursday, when the US trade figures for August are published, but unless the deficit is startling different from general expectations of around $9bn to $10bn the US currency seems set to continue its narrow range trading.

It fell to DM1.8570 yesterday, but then bounced back above DM1.86.

Intervention by the West German Bundesbank to sell the dollar was confined to the Frankfurt fixing yesterday, when the central bank sold $14bn.

The dollar was fixed at DM1.8676, compared with DM1.8623 on Thursday, when the Bundesbank did not intervene.

At the close in London yesterday the dollar had fallen to DM1.8615 from DM1.8635; to Y133.25 from Y133.45; to SFr1.5795 from SFr1.5830; and to FFr6.3400 from FFr6.3500.

On Bank of England figures, the dollar's exchange rate index fell to 98.7 from 98.9.

Sterling had a firm tone for most of the day, supported by London's high interest rate advantage over Frankfurt, and other major financial centres. It moved up steadily against the D-Mark, and surged through $1.70 against the dollar, on news that the US employment figures were not as strong as expected.

The pound finished below the day's high, but still gained ¾ cent to $1.6985. Sterling also advanced to DM3.1625 from DM3.1550; to Y226.25 from Y226.00; to SFr2.6825 from SFr2.6800; and to FFr10.7675 from FFr10.7525.

Sterling's index rose to 75.9 from 75.8, after touching a peak of 76.1 in the afternoon, shortly after publication of the US employment data.

£ IN NEW YORK

Oct.7	Latest	Previous Close
£ Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct.7	Previous
8.30 am	[illegible]	[illegible]
9.00 am	[illegible]	[illegible]
10.00 am	[illegible]	[illegible]
11.00 am	[illegible]	[illegible]
Noon	[illegible]	[illegible]
1.00 pm	[illegible]	[illegible]
2.00 pm	[illegible]	[illegible]
3.00 pm	[illegible]	[illegible]
4.00 pm	[illegible]	[illegible]

CURRENCY RATES

Oct.7	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for Oct.6

CURRENCY MOVEMENTS

Oct.7	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) *Rates are for Oct.6

OTHER CURRENCIES

Oct.7	£	$
[illegible]	[illegible]	[illegible]

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 months	6 months	12 months
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Oct.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Oct.7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Oct.7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10; Lira per 1,000; Belgian Fr. per 100.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct.7) 3 months US dollars / 6 months US Dollars

bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK / Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

Oct.7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

A softer tone in London

INTEREST RATES declined on the London money market, as sterling held steady to firm on the foreign exchanges, and the latest US employment data appeared to reduce the likelihood of higher US rates.

Three-month sterling interbank fell to 11⅞-11¾ p.c. from 12⅛-11⅞ p.c., but the London market remained cautious, and aware of reluctance by the authorities to allow a cut in bank base rates.

UK clearing bank base lending rate 12 per cent from August 25 & 26

The Bank of England initially forecast a London money market shortage of £100m, but revised this to £150m at noon, and to £200m in the afternoon.

The authorities did not operate in the market before lunch, but in the afternoon bought £162m bills, by way of £115m bank bills in band 1 at 11⅞ p.c., and £47m bank bills in band 2 at 11⅞ p.c.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £537m, with a rise in the note circulation absorbing £325m. These factors outweighed Exchequer transactions adding £750m to liquidity,

LONDON MONEY RATES

Oct.7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

FT GUIDE TO WORLD CURRENCIES

Every Tuesday in the FT

LONDON TRADED OPTIONS

[illegible]

October 7 Total Contracts 30,367 Calls 21,137 Puts 9,250
FT-SE Index Calls 1628 Puts 1596
*Underlying security price.

WORLD STOCK MARKETS

NEW YORK (3 pm)

October 7	US$	+ or −
AAR	26½	+⅛
AGS Computers	28⅝	—
AMCA	3⅞	—
AMR Corp	49⅛	+1⅛
ASA	38⅝	+½
AVX Corp	19	+¼
Abbott Labs	46⅛	+⅜
Acme Cleveland	9	+⅛
Adobe Res	7½	—
Advanced Micro	8⅝	−⅛
Aetna Life	52⅛	+1⅛
Ahmanson (H.F.)	17⅝	+½
Air Prod & Chem	43⅜	+1¼
Alberto-Culver	37⅞	—
Albertson's	37⅞	−⅛
Alcan Aluminium	31½	+⅛
Alco Standard	25⅝	+⅛
Alexander & Al	26⅜	−⅛
Allegheny Intl	3	—
Allegheny Power	38½	+⅛
Allied Signal	34½	+⅜
Allis Chalmers	½	—
Aluminium Co of Am	55⅞	+⅜
Amax	21⅞	+⅜
Amdahl Corp	19	+¼
Amerada Hess	27⅛	+½
Am Brands	54⅛	+⅛
Am Cyanamid	50⅜	+⅜
Am Elect Power	27½	+⅝
Am Express	28⅜	+⅛
Am Gen Corp	34½	+⅝
Am Greetings	19⅝	—
Am Hoist & DK	11⅝	−⅛
Am Home Prod	82⅛	+2⅛
Am Intl Group	68	+1
Am Medical Intl	17⅝	+⅛
Am National Insce.	34⅜	—
Am Petrofina	70⅛	−⅛
Am Stores	56⅞	+⅜
Am T & T	26½	+⅛
Ameritech	94⅞	+1⅜
Ametek Inc	13½	+⅛
Amfac	47½	—
Amoco Corp	74¼	+1⅛
AMP	43⅛	+1½
Analog Devices	11⅛	+⅛
Anheuser-Busch	32⅜	+½
Aon Corp	27½	—

October 7	US$	+ or −
Cray Research	68⅝	−1⅛
Crown Cork	39⅛ xc	+1
Cummins Eng	48⅞	+⅛
Curtiss-Wright	50½	−⅛
Daisy Systems	8⅛	—
Damon	24½	—
Dana	37⅛	+⅜
Data Gen	20⅛	+⅛
Datapoint	5	—
Dayton Hudson	41	+½
Deere	47⅞	+2
Delta Air	51½	+1
Deluxe Corp.	26⅛	+1
Detroit Edison	16⅛	+⅛
Diebold	37⅞	+⅛
Digital Equip	89⅝	+⅜
Disney (Walt)	65⅛	+⅞
Dominion Res	44⅛	+1
Donnelley (R.R)	37⅞	+⅞
Dover Corp	33 xc	+1½
Dow Chemicals	91⅜	+1⅞
Dow Jones	36⅛	+2⅛
Dravo	16½	−⅛
Dresser	28⅜	—
Duke Power	47⅛	+1⅛
Dun & Bradstreet	55⅝	+⅝
Du Pont	81⅛	+1⅛
E G & G	32⅜	+⅛
E-Systems	31⅞	+⅛
Eastern Gas & F	23⅛	+½
Eastman Kodak	47½	+1⅛
Eaton	52⅜	—
Echlin Inc.	18⅜	+⅝
Emerson Elect	30½	+⅝
Emery Air Freight	5⅞	+⅛
Emhart	20½	+½
Engelhard Corp	18⅝	+⅛
Enron Corp	38	+1
Enserch	18⅝	+⅜

October 7	US$	+ or −
Cont'l Hldgs	½	—
Cont. Tel Corp	37⅞	+⅝
Control Data	22⅝	+½
Convergent Inc.	6⅞	—
Cooper Inds	51⅝	+⅞
Coors Adolph	19⅞	+⅛
Copperweld	13⅞	+⅛
Corning Glass	63	+1⅛
Corroon & Black	31⅛	−⅛
Crane	31⅝	+1⅞

October 7	US$	+ or −
Intergraph Corp	21⅜	−½
Interlake	43⅛	+⅜
IBM	116	+2
Intl Flavours	46⅞	+⅝
Intl Income Pro	13	—
Intl Min & Chem	43⅛	−⅛
Intl Multifoods	31⅜	+⅞
Intl. Paper	45½	+⅞
Irving Bank	76	+1⅛

October 7	US$	+ or −
PaineWebber	17⅞	+⅛
Pall	30½	−⅛
Pan Am Corp.	2⅛	−⅛
Panhandle Eastern	25⅜	+⅛
Paradyne	5⅜	+⅛
Parker Drilling	4	+⅛
Parker Hannifin	29⅛	+⅛
Payless Cashways	26⅞	—
Penn Central	23	+⅛

October 7	US$	+ or −
Triton Energy	13	−⅛
Tyco Labs.	36⅛	+⅛
Tyler	6⅞	—
UAL	99⅞	+3⅛
UST Inc.	35½	+½
USX Corp	27⅛	—

October 7	Can. $	+ or −
Teck B	14⅛	+⅛
Texaco Canada	37⅛	+⅛
Thomson New	29⅝	+⅝
Toronto Dom Bk	37½	+⅛
Transalta	14⅛	—
Trans Can.Pipe	13.87	+0.62
Varity Corp	3.35	+0.15
Westcoast Energy	16⅞	+½
Weston (Geo)	35	+½

INDICES

NEW YORK — DOW JONES

	Oct 6	Oct 5	Oct 4	Oct 3	1988 High	1988 Low	Since compilation High	Since compilation Low
ϕIndustrials	2107.75	2106.51	2102.06	2105.26	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.78	89.73	89.59	89.51	91.25 (3/3)	86.12 (4/1)	—	—
Transport	914.43	918.01	912.34	911.14	908.60 (29/9)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	183.68	183.20	181.84	181.72	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

ϕDay's High 2118.07 (2119.84) Low 2092.64 (2082.33)

STANDARD AND POOR'S	Oct 6	Oct 5	Oct 4	Oct 3	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite‡	272.39	271.86	270.62	271.38	275.66 (22/6)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	312.66	311.90	310.42	311.14	318.54 (22/6)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	25.84	25.88	25.86	25.95	26.05 (16/9)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	153.93	153.62	152.93	153.23	155.35 (22/6)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	301.14	299.97	299.62	300.00	309.33 (10/6)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	385.15	384.52	384.20	384.48	394.77 (18/7)	331.97 (12/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Sep 30	Sep 23	Sep 16	year ago (approx.)
Dow Industrial Div. Yield	3.66	3.70	3.68	2.61

	Oct 5	Sep 28	Sep 21	year ago (approx.)
S & P Industrial div. yield	3.18	3.21	3.19	2.40
S & P P/E ratio	13.13	12.98	13.05	23.20

TRADING ACTIVITY †Volume Millions

	Oct 6	Oct 5	Oct 4
New York	153.570	175.130	157.760
Amex	11.637	10.545	7.644
OTC	124.210	131.805	106.221

NEW YORK

	Oct 6	Oct 5	Oct 4
Issues Traded	1,907	1,933	1,932
Rises	771	852	636
Falls	605	564	769
Unchanged	531	517	527
New Highs	37	37	29
New Lows	16	26	17

CANADA

TORONTO	Oct 6	Oct 5	Oct 4	Oct 3	1988 High	1988 Low
Metals & Minerals	2891.9	2886.2	2856.8	2773.8	3226.5 (5/7)	2238.7 (8/2)
Composite	3343.1	3310.3	3295.9	3284.5	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1661.39	1647.75	1640.62	1635.95	1723.71 (5/7)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Pillsbury	3,361,400	57⅞	−¼
Kroger	2,756,500	58⅜	—
General Motors	2,125,300	74⅛	−⅜
P Sec Col	2,049,900	21⅛	—
Phillips Pet	2,024,900	19⅛	+¼
TW Services	1,913,600	26⅝	+1⅛
Sears Roebuck	1,870,400	39½	−¼
Manville	1,859,000	5⅜	+½
Alex	1,760,100	27	−¼
Pac Gas & Elect	1,664,600	17⅛	+¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Oct. 7	Oct. 6	Oct. 5	Oct. 4	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1525.8	1516.3	1512.1	1525.6	1657.8 (9/8)	1170.7 (10/2)
All Mining (1/1/80)	704.8	691.9	689.1	694.2	847.8 (9/8)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	204.70	205.48	205.90	204.86	205.90 (27/9)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	5326.20	5331.94	5272.90	5256.20	5331.90 (6/10)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	233.66	234.84	234.73	234.84 (5/10)	180.68 (4/1)
FINLAND						
Unitas General (1975)	676.5	680.6	682.6	684.4	772.1 (8/8)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	382.6	382.0	379.6	(u)	382.6 (7/10)	251.5 (29/1)
Ind. Tendance (31/12/87)	147.8	147.7	148.4	147.6	148.4 (5/10)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	522.57	519.54	517.22	514.33	522.57 (7/10)	396.40 (29/1)
Commerzbank (1/12/53)	1582.20	1573.40	1567.80	1559.40	1582.20 (7/10)	1207.9 (29/1)
DAX (30/12/87)	1269.36	1261.63	1252.31	1246.58	1269.36 (7/10)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2478.87	2427.04	2417.42	2415.76	2772.53 (12/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	558.35	558.47	556.59	554.57	558.47 (6/10)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27258.27	27172.34	27405.49	27501.02	28423.38 (5/8)	21217.04 (4/1)
Tokyo SE (Topix) (4/1/68)	2101.95	2096.76	2116.76	2129.78	2253.10 (2/8)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	277.4	276.10	274.5	273.0	284.8 (9/8)	205.7 (4/1)
ANP-CBS Industrial (1970)	245.8	244.0	239.9	237.1	245.8 (7/10)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	393.48	392.09	395.36	391.88	423.64 (21/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1003.27	997.74	993.18	1005.28	1177.87 (8/8)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1336.0‡	1317.0	1288.0	1294.0	1451.0 (7/7)	1154.0 (4/5)
JSE Industrial (28/9/78)	1759.0‡	1742.0	1734.0	1739.0	1759.0 (7/10)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	282.79	282.32	282.00	282.75	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3168.70	3161.90	3122.00	3122.04	3168.70 (7/10)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	573.40	568.50	565.90	565.10	573.40 (7/10)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	443.9	445.2	446.0	465.2 (15/6)	401.0 (21/1)

**Saturday Oct. 1: Japan Nikkei 27,700.13 and TSE 2,135.62

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow surges on employment figures

Wall Street

EMPLOYMENT figures which revealed slower-than-expected US economic growth during September and August sent equity prices surging to within 1 per cent of their post-crash high, *writes Anatole Kaletsky in New York.*

Taking its cue from bond prices, the market took off just before lunchtime after a relatively subdued start. By 2 pm the Dow Jones Industrial Average had risen 31.47 points to 2,139.22, while the Treasury's long bond was up 1¾ at 103⅝, a price at which it yielded 8.82 per cent. Equity market volume was only moderate, however, with roughly 135m shares changing hands on the New York Stock Exchange by mid-session.

The market's positive tone was clearly attributable to the Labor Department's announcement that non-farm payroll employment had increased by only 255,000 in September. While the advance in payrolls took the civilian unemployment rate down to 5.4 per cent from 5.6 per cent in August, it was on the low side of market expectations and seemed to reinforce hopes that no further monetary tightening would be required to keep US inflation under control.

Even more encouraging on this score than the September figure was the big downward revision of August's employment numbers. Initially reported as 219,000, August employment growth was put at only 169,000.

On the other side of the ledger, however, was some bad news from the technology sector. Intel, announcing sharply higher earnings for the third quarter, predicted that fourth quarter profits, margins and orders would all be weaker. The company's shares fell $1⅞ to $24⅝ and other semiconductor makers weakened in sympathy, with Texas Instruments down $1 at $38⅝.

Smaller computer stocks also fell on bearish analysts' reports. Apple declined $⅞ to $39 and Sun Microsystems plunged by $3⅝, more than 10 per cent, to $29⅞ when Goldman Sachs removed it from its "buy" list.

Blue-chip computer stocks withstood the downward trend, however. IBM rose $1⅞ to $115⅝, AT&T advanced $⅛ to $26⅝ and Digital Equipment gained $⅞ to $89⅞.

Among special situation stocks, Fuqua Industries jumped $3⅞ to $31⅞ as Triton Group revealed a 2⅞ per cent stake in the company and said it had filed for anti-trust clearance to make further purchases. Upjohn climbed $⅞ to $34⅞ in heavy trading, extending big gains from the previous two sessions, amid optimism about its Rogaine anti-baldness treatment. Texas Air rose $⅞ to $16⅞ on hopes that it would sell Eastern Airlines in whole or in part.

Pillsbury was one of the day's main losers, down $⅞ at $57⅞, after arbitrageurs expressed disappointment with its defence against Grand Metropolitan's takeover bid. Wickes fell $1 to $11⅞ as its board revealed that it had so far received no offers to top the management's leveraged buy-out proposal.

Canada

A STRONG rally in Toronto left stocks sharply higher at midday. The lower-than-anticipated rise in US jobs provided encouragement, with communications stocks leading the advance.

The composite index rose 32.5 to 3,375.8 in heavy volume.

EUROPE

Switzerland captures the limelight

A WEEK of strong gains on European bourses amid speculative buying ended with further rises for all but Paris and Milan, where profit-taking and political uncertainty led to slight falls, *writes Our Markets Staff.*

ZURICH enjoyed another day of healthy rises, helped by a firm Wall Street and the stable dollar. The Crédit Suisse general index rose 3.7 to 488.7, and the industrial index added 5.8 to 528.3.

Nestlé shares were in great demand, gaining SFr60 to SFr8,700 on news of the acquisition of US ophthalmic instrument maker Cooper Surgical. Nestlé first attempted to buy the company – then called Cooper Vision – in 1984, but was foiled by a ruling from the US authorities.

Chemicals group Ciba-Geigy rose SFr40 to SFr3,480 after the US Federal Drug Administration confirmed that Ciba's successful gallstone-dissolving drug can be sold in the US. Arms maker Oerlikon-Bührle gained SFr30 to SFr1,310 after Thursday's statement that its 1988 losses would not be in the predicted SFr115m range, but instead nearer SFr40m.

MILAN was shaken by rumours in the morning session that the Government had lost the crucial parliamentary vote on the reform of the secret ballot system. However, it emerged later that the rumours were unfounded, and confidence returned.

As a result, it was a rather up-and-down day, and by the close the Comit index was 0.12 down at 558.35, and the MIB unchanged at 1,154. Interbanca continued its speculator-driven rise, gaining L8,500 to L49,500 before trading in the stock was suspended for the second session. Mr Florio Fiorini holds 51 per cent of Interbanca, and is rumoured to be looking for a buyer for the stake.

The fact that BNA, the largest shareholder in the syndicate which runs Interbanca, fell L649 to L8,350, suggested that Mr Fiorini may be close to selling his Interbanca stake to BNA.

PARIS was little changed as profit-taking set in after three sessions of small gains, and share prices finished a rumour-filled week up 0.6 per cent on the previous Friday's close.

The CAC General index added 0.6 to a 1988 high of 382.6 and the OMF 50 closed unchanged at 391.74.

Privatised banks were active again on rumours of stake reshuffling and the healthy state of their books. Paribas closed FFr3.10 stronger at a year's peak of FFr430.10, having been as high as FFr437. Société Générale found FFr11 to FFr474 after the previous day's news of 23 per cent higher interim profits. There was also a rumour that the French bank was on the shopping list of Deutsche Bank of Germany. CCF saw 95,200 shares traded and added 50 centimes to FFr147.50.

FRANKFURT made further advances, boosted by overseas demand, particularly from UK and Swiss investors, and growing confidence in the underlying strength of the economy. The DAX index briefly touched 1,269.65, before afternoon selling pressure brought it back to 1,269.26, up 7.73 points on the day and a high for the year. The FAZ index rose 3.03 to a 1988 high of 522.57.

VW was again a feature, climbing DM7.70 to DM289 on strong demand from London, hopes of an increased dividend and bullish earnings statements.

Retail group Massa added DM8 to DM306 on speculation that it will win the contract to distribute Opel cars in West Germany. Opel would not confirm that it had discussed the deal with Massa.

BRUSSELS saw some profit-taking but still closed higher as strong corporate results and speculation fuelled demand. The forward index put on 9.44 to 5,536.11.

The strongest performers were non-ferrous metals units of Société Générale de Belgique, which have reported good results, sparking rumours that they might be sold off. Vieille-Montagne gained BFr310 to BFr9,310 after reaching BFr9,500.

STOCKHOLM took heart from the good US employment figures released towards the bourse's close and the Affärsvärlden index ended up 2.4 at 930.5.

AMSTERDAM was also encouraged by a higher opening on Wall Street following the US jobs figures and ended firmer in moderate trade. The CBS index rose 0.4 to 100.3.

MADRID edged higher amid renewed concern over domestic inflation. The general index added 0.42 to 282.79, helped by a strong construction sector.

ASIA PACIFIC

Technical bounce puts end to Nikkei slide

Tokyo

A SURPRISING comeback by equities followed the seemingly endless slide downwards, as share prices closed up for the first time in six trading sessions, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average fell throughout the day and at one stage dipped below the 27,000 mark. However, it managed to recover by the close and ended up 85.93 at 27,258.27. Volume was very thin at 508m shares, down from 636.6m.

The rise continued in London, as the ISE/Nikkei index put on 2.87 to 1,751.99.

The lack of enthusiasm earlier in the day in Tokyo was attributed by some analysts to a decline in demand. "It's a simple reversal in the supply and demand situation," said an analyst at Daiwa Securities. A significant number of trust funds, set up in 1986, are selling now their holding period has ended, according to Mr Nicolas Salati, of UBS-Phillips & Drew.

The late afternoon rally was described by analysts as a technical bounce. In addition, there was a noticeable reluctance to see the Nikkei finish below 27,000, particularly before a long weekend in Japan.

Buying activity centred on issues that trade in large volumes and that, as a result, would have a greater impact on the stock index. Steels, in particular, saw heavy trading and managed to recover some of their recent losses. Nippon Steel, the most heavily traded issue at 42.3m shares, gained Y5 to Y766.

The only leading stock that trades in large volume but that did not benefit from the rally was NTT. Japan's largest telecommunications enterprise dropped Y40,000 to a new low of Y2.05m. A third tranche of NTT shares will be offered from October 20 to 21 and the price will be set at 3.5 per cent below the October 19 closing price on the TSE. Interest in NTT has been low and brokers may not be able to sell as many shares as they need to. A lower share price on October 19 is more likely to help the sale of the 1.5m shares.

Trading in Osaka followed a pattern similar to that in Tokyo, with the OSE average rebounding to close only 11.33 off at 25,448.63.

Roundup

FIRM COMMODITY prices and interest from overseas investors saw both Australia and Hong Kong report high turnover of shares, ending the week on a note of strength.

AUSTRALIA posted its highest volume of the week, buoyed by firm commodity and gold prices and option-related buying. The All Ordinaries index gained 9.4 to 1,525.8 on turnover of 91m shares.

There were large lines of shares traded in several leading stocks. ANZ saw 5.8m of its shares go through the system around A$5 – business said to be left over from the recent rights issue – and ANZ ended the day up 4 cents at A$5.22.

HONG KONG was another Pacific market to report heavy trading, with turnover reaching its highest level since September 5. The Hang Seng index rose 51.83 to 2,478.87 on turnover of HK$667.6m, compared with HK$296.8m on Thursday.

The market was helped by interest from US institutions, but buying mostly originated from local investors. A key factor in boosting turnover was the decision by Mr Alan Bond, the Australian entrepreneur, to buy the remaining minority shareholdings in his Hong Kong property vehicle, Bond International. Dealers say the move is an indication that property stocks are trading at a large discount to their net asset values, and expect other property-based companies to follow Mr Bond's example.

SINGAPORE maintained Thursday's recovery in spite of profit-taking at the higher levels, and the Straits Times industrial index advanced 5.53 to 1,003.27. Volume remained light at 15.3m shares.

TAIWAN slumped for the eighth day in a row. At 7,252.29, the weighted index was 171.39 down – its lowest level since August.

SOUTH AFRICA

GOLD shares in Johannesburg rose as the bullion price kept above the $400 mark and the financial rand declined.

Other stocks were quiet before the long weekend.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 6 1988					WEDNESDAY OCTOBER 5 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (91)	137.80	+1.2	120.64	114.89	4.26	136.18	119.04	114.58	152.31	91.16	170.49
Austria (17)	88.54	-0.2	77.51	85.68	2.48	88.70	77.54	85.82	98.18	83.72	101.81
Belgium (63)	123.04	+1.2	107.71	119.85	4.21	121.59	106.29	118.44	139.89	99.14	125.34
Canada (126)	119.84	+0.4	104.92	105.18	3.15	119.35	104.33	104.35	128.91	107.06	133.74
Denmark (39)	133.25	-0.2	116.65	129.99	2.30	133.50	116.70	130.14	133.69	111.42	120.03
Finland (26)	114.11	+0.6	99.90	105.16	1.68	113.43	99.16	104.81	139.53	106.78	—
France (130)	100.05	+0.0	87.59	99.66	3.26	100.08	87.48	99.60	100.08	72.77	109.10
West Germany (102)	79.94	+0.2	69.99	77.45	2.39	79.75	69.71	77.22	80.79	67.78	101.75
Hong Kong (46)	99.39	+0.5	87.01	99.70	5.02	98.86	86.42	99.17	111.86	84.90	157.23
Ireland (18)	134.96	+1.7	118.15	132.15	3.81	132.76	116.05	130.04	144.25	104.60	157.85
Italy (100)	76.28	+0.3	66.78	79.17	2.54	76.08	66.51	78.91	81.74	62.99	94.78
Japan (456)	157.48	-1.1	137.87	132.84	0.56	159.23	139.20	134.32	177.27	133.61	148.47
Malaysia (36)	131.76	+0.9	115.35	136.38	3.09	130.64	114.20	135.04	154.17	107.83	179.59
Mexico (13)	154.88	-1.7	135.59	387.44	1.40	157.61	137.78	394.27	180.07	90.07	406.86
Netherland (38)	102.83	+0.0	90.03	98.63	4.93	102.79	89.86	98.57	110.66	95.23	123.68
New Zealand (26)	70.76	+0.4	61.95	61.25	6.42	70.47	61.60	61.32	84.05	64.42	134.95
Norway (25)	114.64	-0.3	100.37	107.37	2.67	115.03	100.56	107.61	132.23	98.55	181.02
Singapore (26)	114.98	+0.8	100.66	108.03	2.53	114.10	99.74	107.22	135.89	97.99	171.09
South Africa (60)	107.61	+1.1	94.21	94.10	4.58	106.41	93.02	93.04	139.07	98.26	186.20
Spain (42)	140.96	-0.3	123.40	131.56	3.04	141.37	123.58	131.73	164.47	130.73	166.54
Sweden (35)	123.27	+1.0	107.91	116.70	2.45	122.00	106.64	115.36	125.50	96.92	136.64
Switzerland (56)	77.78	+0.4	68.09	76.33	2.21	77.51	67.75	76.06	86.75	74.13	111.11
United Kingdom (322)	129.81	+0.5	113.64	113.64	4.61	129.18	112.92	112.92	141.18	120.66	150.56
USA (582)	111.39	-0.2	97.52	111.39	3.60	111.23	97.23	111.23	112.47	99.19	128.52
Europe (1013)	106.61	+0.3	93.33	99.15	3.73	106.24	92.87	98.71	110.82	97.01	130.02
Pacific Basin (681)	154.36	-1.0	135.13	130.74	0.79	155.89	136.27	132.08	172.26	130.81	149.51
Euro-Pacific (1694)	135.29	-0.5	118.44	118.02	1.72	136.06	118.94	118.68	147.53	120.36	141.77
North America (708)	111.83	-0.2	97.90	111.03	3.57	111.65	97.60	110.82	113.29	99.78	128.80
Europe Ex. UK (691)	92.08	+0.2	80.62	90.27	3.00	91.88	80.32	90.02	92.99	80.27	111.04
Pacific Ex. Japan (225)	116.71	+0.9	102.18	104.41	4.47	115.64	101.09	104.02	128.27	87.51	162.40
World Ex. US (1893)	134.51	-0.5	117.75	117.48	1.80	135.21	118.19	118.07	146.49	120.26	142.13
World Ex. UK (2153)	125.08	-0.4	109.50	115.53	2.18	125.55	109.75	115.96	131.77	111.77	134.51
World Ex. So. Af. (2415)	125.59	-0.3	109.95	115.48	2.39	125.98	110.12	115.82	132.59	113.26	136.51
World Ex. Japan (2019)	110.18	+0.3	96.45	106.63	3.67	109.89	96.06	106.33	112.43	100.00	131.28
The World Index (2475)	125.48	-0.3	109.85	115.34	2.40	125.86	110.02	115.67	132.38	113.37	136.83

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

Canada hopes for election tonic

Toronto's battered Bay Street financial community is looking to the forthcoming general election to provide a much-needed fillip for business.

The contest – to be held on November 21 – will almost certainly decide the fate of Conservative Prime Minister Brian Mulroney's US-Canada free trade agreement. The trade pact would eliminate most remaining tariffs on bilateral trade between the two countries over 10 years.

While the deal – sure to be the dominant issue in the election campaign – is highly controversial in Canada, it is strongly supported by most domestic businessmen.

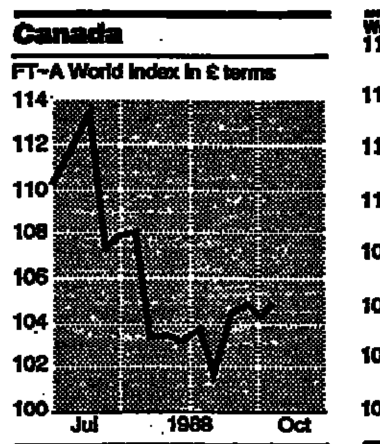
Should Mr Mulroney secure the majority he needs to push his pact through parliament, the theory is confidence will soar, prompting a concomitant rise in trading volume and the benchmark TSE-300 index.

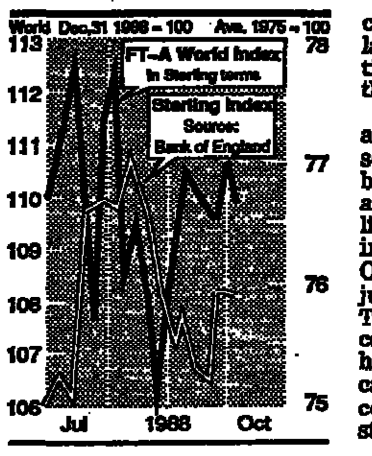
Brokerage houses certainly need something to stimulate turnover. As many as 45 of the 70 member firms on the Toronto Stock Exchange (TSE) lost money during the first six months of this year. With July and August volume down more than 30 per cent from year-earlier levels, and higher interest rates subduing the traditional September rally, there is scant prospect of an upturn in the third quarter.

The root of the problem, paradoxically, has been the unexpected longevity of the current economic cycle. Over the past five years, Canada has grown more rapidly than any other member of the Group of Seven. Expansion has rotated across most of the main sectors during this lengthy recovery period. At present, a sharp increase in business capital expenditure is the main engine sustaining continued growth.

However, investors – chastened by last October's traumatic crash and conscious that all good things must come to an end – have spent the year essentially waiting for the slowdown to set in. They have been hardened in their resolve by more sluggish economic forecasts and their investments have tended to be confined to the fixed-income sector.

The TSE index, as a result, has spent the year fluctuating listlessly in the 3,150-3,500 range, responding on impulse to takeover rumours and monthly indicators, devoid of any firm underlying trend.





THE VANCOUVER Stock Exchange has fallen into deep depression, hit by the shaky gold market and investors' ongoing aversion to speculative securities.

The composite index is at its lowest level since early 1985, having fallen below 860 compared with a peak of 2,024.4 last year.

The exchange's problems are compounded by the fact that demand for investors' funds remains strong, with an abundance of new issues. "We continue to have a record pace of newly-listed companies in what is essentially a bear market," said an exchange spokesman.

Newly-listed resource companies have been raising on average only C$200,000 ($165,000) in their initial public offerings, an amount insufficient to fund an adequate exploration programme. Once the money has run out, the shares tend to drift, depressing the index.

A company currently has to raise C$100,000 of seed capital and spend 60 per cent of it on proving its business concept before applying for a listing. It must then raise a minimum of C$75,000 in its initial public offering.

The exchange is reviewing its listing requirements, looking at the quality of the portfolio and at how to de-list companies – a process that is expected to take between two and three months. The exchange aims also to increase the proportion of non-resource stocks that are listed on the market.

The past two weeks have been typical. While the index closed on Thursday at 3,343.1, having strung together 10 consecutive daily advances, gains were consistently attributed to short-term factors.

Only the bravest analysts ventured to suggest the impetus may have been caused by renewed optimism concerning the outlook for inflation and interest rates.

Much of the market-moving news concerned base metals producers. Noranda, part of Edward and Peter Bronfman's sprawling stable of companies, announced plans to raise to 29.4 per cent its recently-acquired stake in Falconbridge, the world's second largest nickel producer. Noranda intends to offer Falconbridge shareholders C$22¼ a share for a further 7m shares in the Toronto-based company. Falconbridge has risen C$⅞ to C$21¼ since the news was released.

This week, the focus has been on Inco, Falconbridge's arch nickel market rival, which unveiled a key recapitalisation plan, incorporating a C$10-a-unit dividend payment to shareholders. The move, launched in conjunction with a shareholder rights plan that will be Canada's first so-called poison pill, is an attempt to reduce a perceived value gap between the company's share price and the quality of its assets.

Inco shares bounced C$2¼ to C$37⅞ following the announcement. Inco and Falconbridge alike are enjoying an extremely positive year on the back of the buoyant market for nickel. Rumours have now started to circulate that other widely-held Canadian resource companies may be tempted to *launch "me too" recapitalisation* programmes mimicking the Inco model.

Communications has been another lively sector in recent sessions, spurred principally by confirmation that Southam, a Toronto newspaper publisher, may sell its hefty stake in Selkirk Communications. On Tuesday, Selkirk A shares jumped by C$5⅛ to C$34⅞. These are owned about 47 per cent by Southam, which also holds 20 per cent of the broadcasting and cable television company's class B voting stock.

Gold and energy stocks, by contrast, have generally lost ground in response to the weak markets for these underlying commodities. This has helped to restrict gains over the 10 advancing sessions to a cumulative 90.8 points or 2.8 per cent. For the year to date, the TSE-300 index is up a lackadaisical 6 per cent.

The gold and silver sub-index in Toronto has now fallen a full 25 per cent since the beginning of the year. Oil and gas stocks have lost more than 8 per cent of their value in four months but are 6 per cent up for the year as a whole.

Brokers should have something to celebrate next week when Air Canada shares begin trading on leading Canadian exchanges. The 30.8m shares were priced last week at C$8 per unit. Their issue follows the Government's decision to privatise 45 per cent of the state-owned airline.

The shares are already trading briskly (and at a 50 to 75 cent premium) over the counter. Barring unexpected last-minute hitches, they will be listed on five Canadian exchanges on October 13.

In the longer term, Canadian bank stocks are widely forecast to continue to perform well for the remainder of the year, having already appreciated by 20 per cent since last December.

Several of the "big six" domestic banks are expected to announce record earnings for the fiscal year ended October 31 – a welcome riposte to last year's huge Third World debt-related losses.

The announcements will come shortly after the general election result is known. Like the election result itself, they will be anxiously awaited by Toronto's dispirited brokers.

David Owen

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

British Funds, etc

No. of bargains included 2571

Treasury 8½% Stk 1994 "A" – £99⅞ ⅞ ⅝ ⅝ .320313 .367188 ⅜ .382813 ⅝ .414063 ⅝ ⅝ .460938 ⅝ ⅝ ⅜ ⅞ ⅝ ⅝

Corporation and County Stocks

No. of bargains included 7

London County 2½% Cons Stk 1920(or after) – £25

Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – £92

Bank of Wales PLC13¼% Subord Uns Ln Stk 95/97 – £112 (4Oc88)

Barclays PLC ADR (4:1) – $28.3306 (3Oc88)

Barclays Bank PLC8¼% Uns Cap Ln Stk 86/93 – £98½ 9 ½

12% Uns Cap Ln Stk 2010 – £112

16% Uns Cap Ln Stk 2002/07 – £136⅝ (5Oc88)

Co-Operative Bank PLC8.48% Cum Red Prf 2013 £1 – 102 ½ (5Oc88)

Hill Samuel Group PLC6% Uns Ln Stk

Essex Water Co5% Perp Deb Stk – £44 82 (3Oc88)

Folkestone & District Water Co4.9%(Fmly 7%)Max New Ord £10 – £95

Lee Valley Water Co5.95%(Fmly 8½%)Red Prf Stk 95/97 – £200♦

Mid-Southern Water Co3.5%(Fmly 5%)Cons Ord Stk – £515 (5Oc88)

Mid-Sussex Water Co4.9%(Fmly 7%)Max Addl Ord Stk – £720 50 (30Se88)

Rigby Electronics 35½

Severn Valley Railway 50 (3/10)

Seymours 52 (3/10)

Shepherd Neame 567½ (5/10)

Sth Quay Invs 160 (30/9)

Southern Newspapers 400, 10 (4/10)

Thwaites 235,6 (5/10)

Weetabix A 390, 5 (4/10)

Winchmore 59, 60 (30/9)

Wisbech 70 (5/10)

Wolverhampton Racecourse 400 (30/9)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Further gains in active equity sector

UK EQUITIES continued their improvement in late trading yesterday, closing firmly for the fourth consecutive trading session. Early losses were quickly reversed when the latest US employment data reinforced growing belief that interest rates may have peaked, for the near term at least.

Although another high share volume through the Seaq electronic system reflected heavy inter-marketmaker business, analysts stressed the greater optimism shown this week by investment institutions towards UK equities.

"The key is interest rates, on both sides of the Atlantic," said Mr Ian Harwood of Warburg Securities. Domestic funds have seen the pound remain firm despite two record monthly UK trade deficits, and perceive that domestic base rates may be held at present 12 per cent levels. Yesterday's news on US employment trends strengthened hopes that US rates can also be kept stable.

These views have brought a "greater willingness to buy the market" on the part of the domestic investment institutions, commented Mr Harwood.

The market opened sluggishly, with the FT-SE Index down by 6 points as the end of the week profit-takers found the marketmakers waiting for them. The market hung fire until early afternoon, but then pushed forward as Wall Street opened strongly.

At the close, the FT-SE Index was 5.8 higher at 1844.7, bringing the gain over the first week of the trading Account to 18.2 points.

Seaq volume of 583m shares compared with 578m on Thursday, and was boosted by the placing of RTZ's 52m share stake in LASMO, which sparked speculative interest elsewhere in the market. Marketmakers are now desperately short of stock, and there were further signs of strain among trading houses.

As predicted, BZW cut dealing spreads and bargain sizes across its broad range of stocks, but met unexpectedly fierce retaliation from some other marketmakers who are now suggesting referral of share dealing competition to the UK Office of Fair Trading.

Hoare Govett hit back at BZW and Phillips & Drew by increasing dealing sizes and some spreads and "had a very good day as a result," according to Mr Nigel Hughes, Hoare's senior trader. Some other leading marketmakers may follow Hoare's lead on Monday.

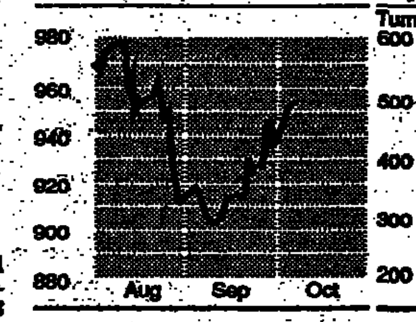
The next hurdle for share prices will come on Thursday when the US trade figures for August are released. Also due next week are producer prices, unemployment and earnings statistics for the UK, which will be scanned for signs of the trend of domestic inflation. And traders will also be watching the Conservative Party Conference.

Account Dealing Dates

First Dealings:		
Sep 19	Oct 3	Oct 17
Option Declarations:		
Sep 29	Oct 13	Oct 27
Last Dealings:		
Sep 30	Oct 14	Oct 28
Account Day:		
Oct 10	Oct 24	Nov 7

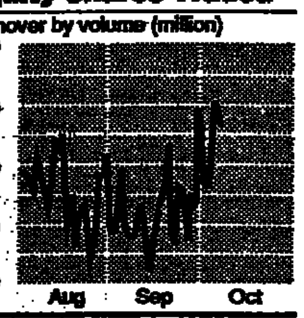
*New time dealings may take place from 9.00 am two business days earlier

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



RTZ sells LASMO stake

A tumultuous week in the oil and gas sector closed with mining group RTZ selling their 28 per cent stake (51.85m shares) in LASMO at 505p a share, to a number of institutions. The sale raised £259m for RTZ and gave the mining house a profit of £118m on the stake.

The shares were sold via broking houses Cazenove and Kleinwort Benson.

LASMO shares plunged on the news to around the 520p level before ending the session a net 30 lower at 531p. Turnover in the stock spiralled upwards and eventually settled at a massive 110m shares.

The move by RTZ immediately prompted stories in the market that the shares may well be part of a "warehousing" operation by British Gas who on September 15 launched a market raid on LASMO at 480p a share, but netted only fractionally more than 1 per cent of LASMO's shares.

Analysts' views differed on the new outlook for LASMO. Mr Roger Aylard, oil and gas analyst at Chase Manhattan Securities said "LASMO is now a very much easier bid target. Not only does a predator have the blocking RTZ stake removed but there are now nearly 30 per cent of the shares in very loose hands."

At CIBC Securities Doctor Homa Motamen estimated LASMO's asset value "at current market valuation of oil in the ground based on what Clyde Petroleum recently paid for Newmont's oil and gas interests, at 830p a share."

Hanson busy

Hanson resumed its upwards march, rising 2 to 151½p in turnover of 5.2m shares which was mirrored by heavy activity on the traded options market. The options market was the source of rumours that Hanson is preparing a bid for Consolidated Goldfields, recently the subject of a bid from Minorco.

Analysts conceded that the story was at least credible - "You can be sure that Hanson has a file on Cons Gold and that it will be looking at it very closely," said one. "But you can also be sure that Hanson has files on Sears, Blue Circle and GEC as well as a host of other companies. Whether a bid actually materialises is a matter of pure conjecture."

Hanson shares broke out of their trading range and through a chart indicator when they crossed the 145p barrier last week, but dealers ascribe the substantial volumes more to the company's solid reputation than to bid speculation.

Dealers were in little doubt that a Hanson bid for Cons Gold would trigger a response from Minorco - "A bid of £16 cash per share would be within Minorco's limits," said one.

Standard hints

Standard Chartered Bank shares came under significant pressure late in the session and ran back to 525p before steadying, and eventually closing a net 8 down at 529p.

The sudden flurry of selling in mid-afternoon reflected stories in the market that a substantial share stake was being hawked around the City.

All of the so-called "White Knights" - Sir Y.K. Pao with 14.9 per cent, Tan Sri Khoo Peck, with 7 per cent and Alan Bond with a 14.9 per cent stake acquired as part of the Bell Group from Robert Holmes à Court, were being talked of as potential sellers of their shareholdings in the banking group.

But the most widely mooted story was that the bank's brokers were attempting to place the remainder of the Standard Chartered rights issue - rumoured in the market to be around 18m shares.

English China Clays moved back into the spotlight, racing ahead in a good volume of business (4.2m) to close 14 higher at 524p, having touched 535p-bid at one stage. Demand was aroused by speculation about a possible bid from RTZ following the sale of its 28 per cent stake in Lasmo. A takeover price of £6 per share for ECC was being bandied about in some quarters. ECC announced yesterday the acquisition of the Kaolin reserves and processing plant of Kaomin NL for A$6.6m (£3m).

RTZ's new found wealth also brought Delta into focus amid market suggestions that the former may have predatory intentions. Delta shares were actively traded and moved ahead smartly to close around the day's best with a rise of 14 at 299p.

The LASMO news broke on an oil sector which had already absorbed plenty of unsettling news earlier in the week. Crude oil prices rallied modestly yesterday, rising around 15 cents a barrel, but were still sharply lower on the week after the warnings by Doctor Subroto, the OPEC Secretary about the possibility of oil prices slumping to as low as $5 a barrel.

BP gave another resilient performance with the old 1⅞ down at 240½p on turnover of 5.2m and the new a penny easier at 129¾p on turnover of 3.3m, with the market keeping calm over the prospect of a number of heavy placings of BP shares.

Clyde Petroleum, ex-rights, were finally 117½p; with the new shares closing at 17½p; around 5m of the new - part of the British & Commonwealth entitlement of 11m new shares, were placed in the market at 19p, according to dealers.

Talk of imminent bullish drilling news prompted keen demand for Goal Petroleum which raced up to close 8 higher at 118p.

Store shares rounded of a firm and busy week on a relatively quiet note. However, speculative activity in Sears, up 3⅛ at 137p, showed few signs of abating. Some 11m shares went through the Seaq system yesterday, with dealers also reporting a substantial business in the Traded options market.

International stocks improved towards the end of the session, with Beecham rising 5 to 475p and Fisons 3 to 256p. Amersham International put in a strong rally to end 12 higher at 589p, but Glaxo stood still after its recent surge and edged down a penny to 1105p. Turnover remained steady at 2.2m. ICI continued its dull performance with a tickle of 3 better to 1037p.

Reckitt & Colman rose 2 to 937p on vague bid hopes based on its brand name strength.

There was plenty of interest in the insurance sector where competition between two leading firms of marketmakers grew fiercer by the minute.

In Composites, Commercial Union were strongly supported and jumped 8 to 349p, with a single purchase of 1m shares at 348p carried out late in the session; dealers reported heavy demand for the stock from Japanese and US houses.

Brewery stocks displayed volatile spirits yesterday, with leading issues trading up and down under the influence of takeover speculation and the Monopolies and Mergers Commission report of the industry. Scottish & Newcastle closed 3 down at 360p after turnover of 2.6m. The much heralded Elders IXL meeting came to little, although it was made clear that there is plenty of cash around for a bid by Elders.

Allied Lyons spent most of the day trading below its opening level, before a late rumour that Mr Alan Bond was looking to sell his stake in Standard Chartered as a prelude to the bid for Allied which everyone has been expecting. This lifted the shares to 464p at the close, up 5 on the day after turnover of 2.1m. Contrary to some dealers' expectations, there was no announcement from Mr Bond as to the size of his stake in Allied.

Bass fell 8 to 794p in turnover of 1.5m after an early seller inspired limited profit-taking, followed by a rally.

Renewed activity developed in Travis and Arnold as Meyer International purchased further stock yesterday. Travis touched 593p before falling back to close only a few pence better on the day at 578p. At noon yesterday, Meyer said it had increased it holding to 23.2 per cent, but by the end of the day dealers said that it could have reached the 25 per cent mark. Some 6.6m Travis shares were traded. Sandell Perkins, up 13 at 261p, recently claimed 41 per cent acceptances for its agreed merger with Travis.

Late in the day Meyer announced revised terms for Travis. Apart from the 600p per share cash, Travis holders are being offered the alternative of Meyer loan notes or an opportunity to elect for up to half their holding in Travis shares in the form of convertible preference shares.

Elsewhere in the Building sector, Costain firmed 9 to 334p as it was revealed that Trafalgar House had increased its holding in the group to just over 8.4 per cent. Wimpey, a current favourite with a number of investment houses, again traded actively (3.5m) and put on 3 to 258p. Taylor Woodrow, in which P&O holds a 10 per cent stake, advanced 12 to 608p, while Barratt, regarded as a good income stock, was noteworthy for a gain of 6 at 176p. A re-rating was said to have been behind a rise of 8 to 358p in Norcros.

The electronics sector included a number of exceptionally active stocks, headed by Ferranti which jumped 3⅛ to 95⅛p on turnover of 12m; dealers reported persistent strong demand for the shares and mentioned particularly keen buying by one of the major UK houses, said to be short of stock.

Cable & Wireless added 12 at 495p on turnover of 2.5m still buoyed by the recent spate of profits upgradings. BICC, one of the sector's best performers in recent weeks amid takeover speculation, leapt 12 more to 400p with RTZ the latest group said to be interest in the company; recent talk was that at least two leading French companies were taking a close look at BICC.

Speculative activity continued in Vickers which pushed ahead to close 6 dearer at 180p. Sir Ron Brierley recently announced a holding of around 5 per cent in Vickers and rumours of fresh stakebuilding surrounded yesterday's rise.

There was keen demand for Food retailers, out of the limelight recently, but brought into focus by the attention given to the stores sector earlier in the week. Asda rose 4⅛ to 152½p in turnover of 4.5m, while Argyll, rated by most dealers as the cheapest stock in the sector, gained 2 to 168p after 4.7m shares were traded. Tesco continued Thursday's rise and put on 4 to 141p in turnover of 2.1m shares.

British Aerospace moved up to 491p in response to confirmation of the Royal Ordnance rationalisation moves, before easing back to close unaltered on the day at 487p. Celestion, regarded as a shell situation, met with further persistent speculative demand and put on 5 more to 58p. Further occasional buying interest left Rank Organisation up 5 further at 723p.

Television issues again moved into a higher orbit, led by HTV which was the subject of a number of bullish circulars following Thursday's results. HTV jumped another 26p to 274p, while Anglia gained 15 to 212p and Central rose 30 to 575p. Buying was said to be stimulated by speculation over future values when the network is thrown open to tenders and regional companies were also supported. Yorkshire rose 11 to 219p, Tyne Tees improved 9 to 307p and Ulster gained 7 to 58p.

Friendly Hotel moved ahead strongly, gaining 14 to 263p after announcing the failure of a merger agreement.

Volume in traded options slipped to 30,397 contracts from the 40,051 of the previous session. Yesterday's session was made up of 21,137 calls and 9,250 puts. Among the most active contract were Hanson, with 3,201 contracts, Sears, 2,147, Ultramar, 1,535, LASMO, 1,201, BT, 1,112, Cons Gold, 1,018 and BP, 922.

■ Other market statistics, including the FT-Actuaries Share Index, Page 16.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (68).

BRITISH FUNDS (18) INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) Utd. Mex. States 16.5pc 2008, FOREIGN BONDS (1) Iceland 14½pc Ln., AMERICANS (9) CPC Intnl., Dun & Bradstreet, Greyhound, Pall Corp., Quaker Oats, TW Services, Utd Technologies, Woolworth, CANADIANS (2) Bk. Nova Scot., Royal Bk. Can., Toronto-Dom. Bk., BANKS (1) Deutsche Bk., BREWERS (1) Macallan-Glenlivet, BUILDINGS (3) Sandell Perkins, Severfield Reeve, Travis & Arnold, CHEMICALS (3) Hoechst, Perstorp B., STORES (2) Cantors Ord., Liberty, ELECTRICALS (6) Cable & Wireless, Densitron Intnl., Kewill Systems, MTL Instruments Grp., Thorpe (F.W.), ENGINEERING (3) Aurora, A. Cohen, Davy, Spirax-Sarco, Vernon Intnl., HOTELS (1) Friendly Hotels, INDUSTRIALS (18) AIM, Boot (Henry), Dauphin, Electrolux, Halma, Hanson, Johnson Cleans, Nobo Grp., Nu-Swift, RIC Grp., INSURANCE (1) Lloyd Thompson, LEISURE (7) Anglia TV, Castle Comms., Central ITV, GWR Grp., P'dilly Radio, Radio City 'A', Radio Clyde, MOTORS (1) Dowty, NEWSPAPERS (1) Adscene, PAPER (1) Usher Walker, SHIPPING (2) Bergesen d-y AS "A", C.S.L. Corp., Gotaas, TRUSTS (20) OILS (1) Ex. Co. Louisiana.

NEW LOWS (18).

BANKS (1) Brown Shipley, BUILDINGS (2) Bellwinch, Bucknall Austin, STORES (1) Dewhirst (I.J.), ENGINEERING (1) Molins, INDUSTRIALS (4) Hactons 7pc Pf., Spong Hldgs., Tamaris, Oy Wartsila AB, PAPERS (1) City of Lon. PR, PROPERTY (1) Dukeminster, TEXTILES (1) Stoddard, TRUSTS (1) Siem Fund, OILS (2) Aran Energy, Kingston Oil & Gas, MINES (2) Independent Res. Ltd., Jolie Mines NL, THIRD MARKET (1) Caldwell Instr.

FINANCIAL TIMES STOCK INDICES

	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.74	88.47*	88.10	88.04	87.96	85.49	91.43 (18/4)	86.28 (2/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.87	96.70	96.70	96.69	96.71	92.20	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1490.4	1481.5	1471.7	1457.6	1455.8	1858.2	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	175.9	174.2	173.0	172.6	171.1	449.5	312.5 (7/1)	162.7 (22/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.64	4.67	4.70	4.74	4.74	3.17				
Earning Yld %(full)	11.71	11.77	11.85	11.96	11.96	7.78				
P/E Ratio(Net)(☆)	10.35	10.29	10.22	10.13	10.12	15.72				
SEAQ Bargains(5pm)	23,989	24,721	23,288	21,665	21,197	52,356				
Equity Turnover(£m)†	-	1101.69	1367.24	977.07	835.72	1515.9				
Equity Bargains†	-	25,165	22,819	22,237	23,383	66,071				
Shares Traded (ml)†	-	465.5	503.7	366.3	369.1	610.7				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1477.5	1481.5	1486.0	1488.1	1487.6	1488.8	1491.5	1487.9

DAY'S HIGH 1491.5 DAY'S LOW 1476.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.27 †Excluding intra-market business. *Correction.

● S.E. ACTIVITY

Indices	Oct 6	Oct 5
Gilt Edged Bargains	104.7	109.2
Equity Bargains	163.1	147.9
Equity Value	2226.6	2763.6
5—Day average		
Gilt Edged Bargains	98.9	97.4
Equity Bargains	158.0	160.0
Equity Value	2239.9	2319.9

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,500	152½	+4½	Cons. Gold Fields	2,100	£13	+¼	Land Securities	1,000	576	-8	Rothmans	216	443	-2
Abbey Life	1,100	314	-2	Cookson	592	266	+3	Laporte	1,400	396	+9	Royal Bk. of Scotland	57	348	
Allied-Lyons	2,100	463	+4	Courtaulds	1,400	298½	+5½	Legal & General	584	312	+2	Royal Insurance	1,300	384	
Amstrad	915	207½	-1½	Dalgety	381	324	+7	Lloyds Bank	1,200	322		STC	4,900	285	-1
Argyll Group	4,700	168	+2	Dixons	1,500	148	-1	LASMO	112,000	531	-30	Saatchi & Saatchi	974	367	-2
[illegible]															

APPOINTMENTS

Changes at Sainsbury's

SAINSBURY'S has made the following appointments: Mr Colin Harvey will be appointed to the board of J. Sainsbury in the late summer of 1989, as director responsible for the retail division.

Mr Dino Adriano will be appointed managing director designate, Homebase, from January. He will succeed Mr Dennis Males as managing director in April; Mr Males then becomes a non-executive director of Homebase.

Mr David Clapham will be appointed joint managing director of SavaCentre in October 1989 and will takeover as managing director on Mr Ron Yeates' retirement in July 1990.

Mr Terry Wigley, currently a district manager, northern area, is appointed central and western area director designate and will succeed Mr Adriano in January.

Mr John Williams, currently with SavaCentre, will become departmental director for grocery buying from the end of October.

Mr John Renshaw, a buying department head, will be promoted to departmental director, bacon, pork products and delicatessen from the end of October.

■ PEGASUS SUPPLIES, the office stationery and services division of Pegasus, has named Mr Martin Ruda as its managing director.

■ BET PLANT SERVICES has appointed Mr Mick Burgess director of Rentair, its compressed air division. He was director and general manager of Coventry Compressors.

■ Mr Leslie Smith has been appointed director of group personnel at CONDER GROUP. He joins from Trafalgar House, where he was divisional personal manager of its UK building activities.

■ Mr David Orton has been appointed managing director of BURGESS MICRO SWITCH, the Pilgrim House Group micro switch manufacturer. He joins from Philidas, another Pilgrim House Group company, where he was responsible for developing a market leading European position in fasteners.

■ FORBO-NAIRN, manufacturers of cushioned vinyl and linoleum floor coverings, has appointed Mr R.E.J. Morriss, managing director, and Mr A. Lawson, deputy managing director. Mr Morriss succeeds Mr C.H. Davies, who has left for personal resons.

Mr John Duerden has been appointed managing director and chief operating officer of the international division of REEBOK INTERNATIONAL, the consumer marketing company. He was a director of Rank Xerox and vice president of business development at Xerox Corporation.

■ Mr John Selway has been made managing director of P.J. HOLLOWAY (SALES). He was eastern region general manager for STC Distributors.

■ Mr David Beasley has been appointed managing director of PLUMLINE DISPLAY, the shopfitting company. He is also managing director of the Langar Group, of which Plumline is an associate.

■ Mr Simon Philpotts has been appointed director-Far East and duty free divisions of DAKS-SIMPSON. Mr Peter Coggs has become export director-menswear and womenswear divisions.

■ INDEPENDENT EXHIBITIONS has made Mr Andrew Center its marketing director. He was marketing director of Calmers Exhibitions, the Reed International subsidiary.

■ Mr Tim Barnsley has joined COMPUTERLAND as UK regional director. He was an operational manager at ICL.

■ Mr Mark Tomlinson has been made a director of BABCOCK & BROWN, the City leasing and investment banking house.

■ Mr Jim Nicholls has been appointed director and general manager of INCOFORM BRAMAH and TURBO PRODUCTS (UK). Both companies are manufacturing subsidiaries of Inco Engineered Products.

■ Mr Stephen O'Brien, chief executive of Business in the Community, has become chairman of UK2000. He replaces Mr Richard Branson who takes on the new role of president.

■ Harrisons and Crosfield has made the following management changes following the creation of HARCROS CHEMICAL GROUP. Mr Peter Savage is managing director of the new group. Mr Dennis Stocks, former managing director of Lankro, becomes new ventures director. Mr Bernard MacAlhone, marketing director at Lankro, is made polymer additives business director and Mr Roy Clancey of Lankro becomes speciality business director.

■ Mr Iain Watters, chairman of Metestates, MEPC's investment operations and management subsidiary, has assumed responsibility for the group's European portfolio. Mr Roger Squire, a main board director, will be responsible for Australian and UK properties and Mr James Tuckey, managing director of MEPC, is now responsible for activities in the US. Mr Ted Johnson and Mr Colin Sheppard have become joint managing directors of Metestates.

■ Mr Martin Tamlyn has been appointed international sales director of WILLIAMS LEA & CO. He rejoins the company after spending four years with Packard Press, New York.

■ CARTER VALIN POLLEN, formerly Valin Pollen's investor relations division, has been established as a separate subsidiary of the VPI Group. The board is Mr Angus Maitland, chairman, Mr Howard Lee, managing director, Ms Alison Hogan, Mr Chris Matthews and Mr Steve Devany. Mr Bernard Chitty is company secretary.

■ Mr Malcolm Tucker has been appointed group safety director of the LAING GROUP. He was company safety service manager.

■ Mr Peter Winders has become an assistant director of the MATHESON INVESTMENT GROUP with particular responsibility for business development. He was regional unit trust manager, London, for Legal & General.

■ Mr Paul McKee has been appointed chief executive of NOW NEWS. He was deputy chief executive of Yorkshire Television and ITN.

Mr Noel Kelly has been appointed chairman of HOMETUNE, the mobile home tuning company.

■ Mr R.J. Durrant has become managing director of FOXFORD, the specialist electrical engineering company.

■ Mr Ian Burns and Mr Michael Joseph, directors of Lloyds Development Capital, have been appointed directors of LLOYDS MERCHANT BANK. Mr Keith Carpenter has been made a director of Lloyds Development Capital. Ms Anthea Harrison and Mr Clive John have become investment directors. Mr John Dillon, formerly with North West Regional Fund, has been appointed investment manager at Lloyd Development Capital's Birmingham office.

■ Ms Laura McLachlan, manager of pension operations, has been promoted to the board of HADRIAN TRUSTEES. She has also been made a director of Solway Pensions, Hadrian's associate company. Mr Martin Boulton, assistant secretary and management accountant, has been made an executive director and secretary with responsibility for compliance and internal audit. He has also been appointed a director of Solway Pensions.

■ Mr Jean de Raemy, international director of the Weir Group, has been appointed chairman of the NEYRFOR-WEIR turbodrilling joint venture set up by Alsthom SA and Weir. Mr Peter Syme becomes chief executive of the joint venture as part of his responsibilities as managing director of Weir Engineering Services. Neyrfor-Weir supplies turbodrills to the oil and gas industry.

COMMODITIES

WEEK IN THE MARKETS

Ivory Coast sparks cocoa rally

THE COCOA and coffee markets swapped roles this week, with London cocoa futures rallying from 12½-year lows and coffee futures shedding some of their recent gains.

Cocoa futures for March delivery ended the week £41 up at £782 a tonne while January delivery coffee fell £23 to £1,155 a tonne.

The main reason for cocoa's unexpected revival was the Ivory Coast's decision, announced yesterday, to keep prices paid to growers in the season which began yesterday at the 1987/88 level. Last week confident predictions that the Ivory Coast, the world's biggest cocoa producer, was about to announce a sizeable cut in the grower price had been a major influence in pushing futures prices downwards.

In the absence of news from Abidjan, however, traders began to revise their views about Ivorian policy and the market started to rally. So swift was the turnround in opinion that yesterday's announcement came as little surprise. Nevertheless, it helped to fuel a further £10 rise in the March futures position.

The grower-price standstill, which defies pressure from foreign creditors, including the World Bank, has heightened speculation that the West African producer may also repeat last season's policy of refusing to sell cocoa at prices below its break-even level.

With demand for its cocoa relatively strong the Ivory Coast was able to ask very high premiums in the 1987/88 season. And with the International Cocoa Organisation's price support operation in suspension its resolute refusal to sell at a loss was just about the only factor defending the market from the depressing effects of chronic overproduction.

That overproduction seems set to continue - output is forecast to be well ahead of consumption in 1988/89, for the fifth year in succession - so background fundamentals remain undeniably bearish. Once again the Ivory Coast has succeeded in diverting attention from those fundamentals, but there must be doubts about the country's ability to bear the potential costs of its defiant policy. Analysts are not yet tearing up recent forecasts that the cocoa price could soon fall to £650 a tonne, or even £600.

The performance of the coffee price this week provides yet another vindication of the old market adage "buy on the rumour, sell on the news."

For several weeks the market had been buoyed by growing confidence that International Coffee Organisation delegates would succeed in reaching an export quota agreement at their two-week meeting from September 19. But the settlement of the 1988/89 quota, after the seemingly obligatory weekend extension, appears to have been interpreted as a "sell" signal.

The upward momentum was maintained on Monday, when the January futures position peaked at £1,225 a tonne, but since then £70 has been wiped off the price.

This change of heart is partly attributable to a feeling in the market that the price rise had been overdone, but it also reflects the emergence of doubts about the significance of the agreement itself.

Coming on the heels of the International Cocoa Organisation's failed price support talks, the prospect of any sort of agreement on coffee had been perceived as bullish. But when traders came to consider the deal in the cold light of day they were not so sure.

The compromise between producing and consuming members of the pact has resulted in a total quota for 1988/89 of 56m bags (60 kg each), 4.5m bags more than the level to which the 1987/88 quota was trimmed as falling prices triggered successive reductions. And a 1m-bag addition is to be made if on October 25 the 15-day average of the ICO's composite indicator price is above the 114.40 cents a lb ruling when agreement was reached.

The prospect of that addition being made has faded, however, with this week's price fall. Yesterday the daily composite indicator was only 113.94 cents a lb.

On the London Metal Exchange copper's strong uptrend continued, taking prices for Grade A metal to record levels in sterling terms. The cash position closed yesterday at £1,582 a tonne, up £60 on the week.

The metal's strength is largely due to concern over falling warehouse stock levels at New York's Comex as well as the LME.

In addition upward pressure has been provided by the threat of another Peruvian miners' strike from October 17, production problems in Zambia and at Papua New Guinea's Ok Tedi mine and the possibility of unrest in Chile following the defeat of General Pinochet in the presidential plebiscite.

Gold climbed back above $400 a troy ounce in what dealers saw as a correction to an oversold situation. Yesterday's close on the London bullion market was $403 an ounce, up £3.25 on the week.

Richard Mooney

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

Anthony Wieler Unit Tst Mgmt Ltd (1000)F
19 Widegate St, London E1 7HP 01-377 1010

Growth Income	5	102.4	104.7	111.4	—	1.4
Do Accum	5	144.0	147.2	156.6	—	1.4
Quarterly Income	5	50.61	52.86	56.23	—	7.0

Arkwright Management (1400)F
1 King St, Manchester M60 3AH 061-832 0242

Growth Oct 4	5	91.93	91.93	97.80	—	2.40
Income Oct 4	5	46.35	47.13	50.14	—	4.91

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday October 6 1988

Overseas Traders	+37.28	All Share Index	+ 9.49
Mining Finance	+29.15	Packaging & Paper	+ 9.49
Property	+26.80	Other Groups	+ 9.38
Leisure	+23.35	Industrial Group	+ 8.89
Investment Trusts	+18.75	500 Share Index	+ 8.39
Food Manufacturing	+17.87	Motors	+ 8.33
Contracting, Construction	+16.74	Building Materials	+ 8.00
Mechanical Engineering	+16.47	Insurance(Composite)	+ 7.57
Electronics	+16.29	Consumer Group	+ 6.25
Shipping & Transport	+15.26	Banks	+ 6.13
Conglomerates	+14.99	Insurance(Life)	+ 5.97
Health & Household Products	+14.37	Oil & Gas	+ 5.26
Metals & Metal Forming	+13.67	Agencies	+ 3.19
Brewers and Distillers	+13.65	Chemicals	+ 2.32
Capital Goods	+13.19	Publishing & Printing	+ 0.06
Telephone Networks	+12.46	Merchant Banks	- 1.20
Electricals	+12.21	Stores	- 7.55
Other Industrial Materials	+12.07	Food Retailing	- 9.71
Insurance(Brokers)	+10.17	Textiles	-11.73
Financial Group	+ 9.73	Gold Mines Index	-42.34

RISES AND FALLS

	On Friday			On the week		
	Rises	Falls	Same	Rises	Falls	Same
British Funds	100	0	12	420	46	92
Corps. Dom. & Foreign Bonds	19	0	30	90	19	136
Industrials	474	292	830	2,140	1,788	4,060
Financial and Props	205	132	327	922	658	1,736
Oils	34	28	43	119	167	249
Plantations	2	0	11	4	8	53
Mines	50	26	115	197	194	570
Others	82	63	101	330	398	611
Totals	966	541	1,469	4,222	[illegible]	[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday October 5, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	101,342,073	+ 8,789,088
Bankers Deposits	1,064,408,357	- 163,109,999
Reserve and other Accounts	1,929,648,583	- 108,313,690
	3,109,952,013	- 262,634,601
ASSETS		
Government Securities	625,156,147	- 82,710,000
Advance and other Accounts	698,350,634	+ 59,747,016
Premises Equipment & other Secs	1,781,412,935	- 240,060,811
Notes	4,807,166	+ 368,646
Coin	225,131	+ 20,548
	3,109,952,013	- 262,634,601
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	14,395,192,834	- 368,646
Notes in Banking Department	4,807,166	+ 368,646
	14,400,000,000	
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,487,501,190	+ 568,934,027
Other Securities	4,901,483,710	- 568,934,027
	14,400,000,000	

London & Manchester (Tst Mgmt) Ltd (1000)H
Winslade Park, Exeter EX5 1DS 0392 282673

American	5	30.17	30.49	32.37	+0.09	0.8
General	5	48.69	48.91	51.92	-0.05	3.6
Income	5	43.87	44.25xd	46.97	-0.06	5.9
International	5	35.13	35.44	37.62	+0.15	0.9
Japan	5	48.03	48.24	51.21	+0.15	—
Tst of Inv Trusts	5	35.62	36.20xd	38.43	-0.06	2.9

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St., London, EC4N 5AD						
Admin & Enq 01-626 4044 Dealing: 01-626 [illegible]						
Master Portfolio	5¼	27.47	27.47xd	29.48	+0.19	0.00
Amer Growth Acc	5¼	33.43	33.71	36.05	+0.05	1.95
Amer Income Acc	5¼	30.35	30.35	32.46	+0.36	4.87
Amer Income Inc	5¼	27.80	27.90	29.75	+0.34	4.87
Cap Protector Acc	5¼	24.12	24.42xd	26.15	+0.14	5.48
Cap Protector Inc	2¼	23.65	23.97xd	25.64	+0.14	5.48
Euro Growth Acc	5¼	43.25	43.25	46.26	+0.25	0.40
Euro Income Acc	5¼	22.64	22.64	24.21	-0.08	3.88
Euro Income Inc	5¼	21.72	21.72	23.23	-0.01	3.88
Far East Growth Acc	5¼	57.38	57.58	61.37	+0.44	0.00
Intl Growth Acc	5¼	39.07	39.07	41.79	+0.54	2.64
Japan Growth Acc	5¼	88.41	88.92	95.10	+0.74	0.00
UK Growth Acc	5¼	44.59	44.77	47.88	+0.39	3.04
UK Income Acc	5¼	50.56	51.03	54.58	+0.44	4.80
UK Income Inc	5¼	44.84	45.19	48.35	+0.31	4.80
Mngd Growth Acc	5¼	50.91	50.91	54.45	+0.40	2.16
Mngd High Yield Inc	5¼	65.48	66.53	71.15	+0.51	5.93
Mngd Income Inc	5¼	57.26	57.93	61.96	+0.26	4.39
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	330.7	338.7	358.2	(z)	3.08
Equity Acc	5	424.4	430.8	456.9	(z)	3.08
Fixed Int Dist	5	117.7	119.8	124.1	(z)	9.05
Fixed Int Acc	5	208.7	212.2	219.9	(z)	9.05
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants. SP10 1RE 0264 [illegible]						
TSB American	5	101.38	101.38	107.45	+0.18	2.09
Do Accum	5	108.71	108.71	115.55	+0.20	2.09
TSB Brit Growth	5	54.35	54.35	57.82	-0.81	3.28
Do Accum	5	56.88	56.88	60.51	-0.85	3.28
TSB European	5	51.41	51.41	54.69	+0.16	1.13
Do Accum	5	52.81	52.81	56.18	+0.17	1.13
TSB Extra Income	5	143.63	143.65	152.82	-2.07	5.92
Do Accum	5	185.42	185.42	197.26	-2.68	5.92
TSB Smaller Cos	5	52.82	52.82	56.19	+0.21	1.22
Do Accum	5	53.76	53.76	57.19	+0.22	1.22
TSB General	5	177.64	177.64	188.98	-0.09	3.93
Do Accum	5	307.50	307.50	327.13	-0.16	3.93
TSB Gilt & Fxd Int	3¼	48.00	48.00	49.64	+0.22	8.88
Do Accum	3¼	72.47	72.47	74.95	+0.33	8.88
TSB Income	5	264.08	264.08	280.94	-0.25	4.98
Do Accum	5	441.40	441.40	469.57	-0.43	4.98
TSB Pacific	5	199.21	199.21	211.93	+1.58	0.33
Do Accum	5	206.27	207.13	220.35	+1.75	0.33
TSB International	5	317.20	317.20	338.29	+1.17	1.05
Do Accum	5	399.00	399.00	425.53	+1.47	1.05

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Oct 3	4007.0	4425.2	—	1.5
European Oct 3	362.4	394.5	—	1.0
American Oct 3	281.8	292.2	—	2.5
Far Eastern Oct 3	507.6	520.6	—	0.2
Australian Oct 3	139.8	148.0	—	2.4
Midlands Sept 13	220.0	239.1	—	0.8
Northumbria Sept 12	193.6	210.5	—	1.3
North West Sept 12	233.2	251.8	—	0.8
East Coast Sept 15	88.1	94.9	—	1.2
W Midlands Aug 31	195.6	213.2	—	1.5
Ind Lux Unt Sept 20	132.4	135.1	—	4.0
Property Sept 1	2900.0	3050.0	—	5.2
Inc Gth Prp July 7	1360.0	1420.0	—	7.0
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Property Sept 30		211.95	—	5.71
Equity Sept 30		704.80	—	3.90
Fxd Int Sec Sept 30		98.99	—	9.49
* Available only to Local Authorities				
MIM Ltd				
Mngd Fund (Acc)	55.5	59.1	+0.3	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmt Oct 5	40.5	42.1	+0.0	2.20
Euro Exmt Oct 5	41.7	43.7	+0.0	2.63
Fixed Int Ex Oct 5	48.9	51.3	+0.0	9.0
Japan Exmt Oct 5	32.5	34.6	+0.0	0.7
Managed Ex Oct 5	38.5	40.0xd	+0.0	4.46
SE Asia Exmt Oct 5	34.3	36.0xd	+0.0	1.88
Sm Cos Exmt Oct 5	43.0	45.1	+0.0	2.82
UK Eqty Ex Oct 5	34.4	36.1	+0.0	4.6
New Court Property Fund Managers				
NC Property	191.5	209.3	—	—
Phillips & Drew Fnd Management Ltd				
PDFM Small Co PDFM	772.0	817.0	—	3.75
Do Accum	798.0	846.0	—	3.75
PDFM Int Exmt Oct 6	125.4	127.5xd	—	2.70
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.66	98.73xd	-1	2.92

INSURANCES

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OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

	Bid Price	Offer Price	+ or –	Yield Gross
NUAM Funds				
Managed Fund	54.7	57.6	+0.3	–
Stock Market Mngd Fund	52.2	55.0	+0.3	–
Equity Fund	56.6	59.6	+0.5	–
International Fund	48.6	51.2	+0.1	–
European Fund	49.8	52.5	+0.1	–
North American Fund	46.5	49.0	–	–
Pacific Fund	57.8	60.9	+0.1	–
Property Fund	66.4	69.9	–	–
Fixed Interest Fund	52.8	55.6	+0.1	–
Index Linked Sec Fund	51.9	54.7	+0.1	–
Deposit Fund	54.4	57.3	–	–
NUAM Retirement Plans				
Mixed Fund	57.9	61.0	+0.2	–
UK Ordinary Share Fd	65.3	68.7	+0.3	–
International Fund	49.8	52.5	–0.1	–
Property Fund	64.5	67.9	–	–
Fixed Interest Fund	56.7	59.6	+0.2	–
Index Linked Sec Fund	52.6	55.4	+0.2	–
Deposit Fund	58.4	61.4	–	–
NUAM (NF)				
Managed Fund	744.6	783.8	+4.2	–
Equity Fund	1474.6	1552.3	+14.3	–
Property Fund	413.8	435.6	–	–
Fixed Interest Fund	390.1	410.7	+1.1	–
Deposit Fund	222.5	234.3	–	–
International Fund	126.6	133.3	+0.4	–
Index Linked Sec Fund	52.1	54.9	+0.1	–

Norwich Union Life Insurance Soc.
PO Box 149, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or –	Yield Gross
Unitised Pensions				
With Profits Fd	106.53	112.13	+0.04	–
Managed Fd	117.07	123.23	+0.32	–
UK Equity Fd	120.84	127.20	+0.62	–
International Fd	118.34	124.57	–0.27	–
European Fd	112.32	118.23	+0.63	–
North American Fd	118.58	124.82	+0.61	–
Pacific Fd	109.03	114.77	–0.76	–
Property Fd	117.32	123.50	+0.01	–
Fixed Int Fd	100.33	105.61	+0.46	–
Intl Bond Fd	106.85	112.48	+0.03	–
Bldg Soc Dep Fd	101.88	107.25	+0.04	–
Pensionmaster* & Unit-Linked Plus*				
Fixed Interest Fund	281.0	295.8	+0.9	–
Index-Linked Sec Fund	147.7	155.4	+0.4	–
Ordinary Share Fund	465.8	490.3	–3.8	–
International Fund	127.4	134.1	+0.2	–
Property Fund	199.1	209.6	+0.2	–
Deposit Fund	182.5	192.1	+0.2	–
Mixed Fund	318.5	335.2	–1.0	–
Norwich Units September 15		799.3	–	–

*Prices as at October 4

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or –	Yield Gross
Prop. Dist. (Gross)	176.6	185.9	–	–
Prop. Acc. (Gross)	285.8	300.9	–	–
Equity (Gross)	665.9	701.0	–0.4	–
Managed (Gross)	477.6	502.8	+0.2	–
Prop. Acc. (Net)	132.1	139.1	–	–
Equity (Net)	155.8	164.0	–0.1	–
Managed (Net)	146.8	154.6	+0.1	–
Internat'nal (Net)	133.0	140.0	+0.1	–
Gilt & Fxd Interest	101.0	106.4	+0.4	–
Money Fund	101.2	106.5	–	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	453.5	477.4	+0.1	–
Ret Man (Series 2)	153.8	161.9	–	–
Ret Man (Series 3)	101.2	101.2	–	–
Ret Cash	125.4	132.0	–	–
Ret Cash (Series 3)	102.8	102.8	–	–

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or –	Yield Gross
Life Assurance Funds				
Wealth Assd	389.6	410.2	–	–
Eb'r Ph. Eq	329.4	350.5	–	–
Pension Plan Funds				
Phoenix				
UK Equity Acc	170.8	179.7	+1.0	–
International Acc	142.3	149.7	–	–
Property Acc	150.1	157.9	+0.2	–
Fixed Interest Acc	158.4	166.7	+0.5	–
Money Acc	144.8	152.4	+0.2	–
Bldg. Soc. Link Acc	141.7	149.1	+0.2	–
Special Mnged. Acc.Q	154.7	162.8	+0.5	–
Phoenix/Framlington				
Intnl. Growth Acc	88.80	93.40	+0.20	–
Am. Smllr. Cos. Acc	90.30	95.00	+0.10	–
Capital Tst. Acc	172.9	182.0	+0.4	–
Japan & Gen Acc	182.5	192.1	+1.1	–
American Turn. Acc	98.50	103.6	+0.1	–
Recovery Tst. Acc	179.2	188.6	+0.2	–
Special Mngd Acc	151.1	159.0	+0.4	–
Phoenix/GT				
International Acc	134.6	141.6	+0.6	–
US & General Acc	88.30	92.90	+0.10	–
Amer Spec Sits Acc	67.50	71.00	+0.30	–
Japan & General Acc	182.4	192.0	+1.7	–
Far East & Gen. Acc	134.6	141.6	+0.9	–
UK Capital Acc	178.2	187.5	+0.6	–
European Acc	149.5	157.3	+0.1	–
Special Mngd. Acc	128.7	135.4	+0.4	–

Providence Capital Life Asc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Pacific Initial		59.0	+0.5	–
Technology Initial		83.8		–
Nat Resources Initial		47.8	+0.4	–
Japan Growth Initial		182.0	–0.5	–
European Initial		70.5	+0.3	–
Residential Prop Init		115.7	+0.1	–
Swiss Equities Initial		32.5	+0.1	–
Hong Kong Initial		42.1	+1.0	–
UK High Inc Eq Init		60.2	–0.3	–
Int Fixed Interest Init		48.4		–
Int Managed Init		46.4	–0.1	–
Broker Fund				
Townhill Mngd Fd Acc	47.2	49.7	+0.5	–
High Performance	60.1	63.3	+0.3	–
YRA Executive Fd	77.6	81.8		–
Investment Master		38.9	+0.1	–
H.F. Specialist Fd		110.5	–0.4	–
£ High Inc Money Fd		103.1	–	–
£ Global Growth Fd		103.1		–
PEP Acorn II		99.6	+0.2	–
AAFS Int Man Fund		100.0	+0.4	–
Individual Pension Funds				
UK Equity Acc	206.1	217.5	–1.2	–
UK Fixed Interest Acc	160.8	169.7	+0.8	–
Intl Equities Acc	164.9	174.0	–0.9	–
UK Managed Acc	149.3	157.4	+0.1	–
Property Acc	184.9	195.1	+0.5	–
Money Acc	114.0	120.3	+0.1	–
Special Market Acc	134.3	141.7	–2.4	–
Japanese Acc	216.6	228.5	+0.2	–
North American Acc	111.2	117.4	+0.4	–
Pacific Acc	132.9	140.2	+1.2	–
Technology Acc	135.1	142.6	+0.2	–
Natural Resources Acc	92.0	97.1	+0.9	–
Japan Growth Acc	249.6	263.3	–0.8	–
European Acc	85.0	89.7	+0.4	–
Residential Prop Acc	121.9	128.6	+0.2	–
Swiss Equities Acc	32.3	34.1	+0.1	–
Hong Kong Acc	41.6	43.9	+2.2	–
UK High Inc Eqs Acc	64.0	67.6	–0.3	–
Int Fixed Interest Acc	49.0	51.7	+0.1	–
Int. Managed Acc	46.3	48.8	–	–
Broker Fund				
Townhill Mngl Pen Acc	39.7	40.8	–	–
Group Pension Funds				
Equity Acc	609.5	628.4	–	–
Fixed Interest Acc	456.1	470.3	–	–
Managed Acc	102.4	104.4	–	–

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or –	Yield Gross
Unit Fund	904.3	949.5	+5.3	–
Equity Fund	203.3	213.5	+1.7	–
International Fd	131.8	138.4	+0.1	–
Fixed Interest Fd	151.9	159.5	+0.7	–
Property Fund	196.3	206.1	–	–
Index-Linked Fund	126.7	133.0	+0.5	–
Deposit Fund	130.4	136.9	+0.0	–
Pens. Mixed (Ord) Fd	210.3	220.8	+1.2	–
Gold Pensions				
Discretionary Fund		102.0	+0.6	–
Equity Fund		99.9	+0.9	–
Fixed Interest Fund		103.8	+0.4	–
International Fund		98.5	+0.0	–
Property Fund		116.9	–	–
Index-Linked Fund		105.4	+0.4	–
Deposit Fund		102.5	+0.1	–
S & F Consolidation		102.1	+0.3	–
S & F Balanced		100.0	+0.6	–
S & F Maximum Growth		95.8	+0.4	–

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Ord	290.7	306.0	+0.9	–
Managed Init	239.0	251.6	+0.8	–
Equity Ord	408.3	429.8	+2	–
Equity Init	335.7	353.4	+1.6	–
Index Linked Gilt Ord	125.2	131.8	+0.2	–
Index Linked Gilt Init	107.5	113.2	+0.1	–
Overseas Equity Ord	256.3	269.8	+0.1	–
Overseas Equity Init	210.8	221.9	+0.1	–
Property Ord	176.1	185.4	–	–
Property Init	144.8	152.4	–	–
Fixed Interest Ord	173.0	182.1	+0.6	–
Fixed Interest Init	142.2	149.7	+0.5	–
Deposit Ord	136.5	143.7	–	–
Deposit Init	112.2	118.1	–	–
Pension Funds				
Managed Ord	352.0	370.5	+1.2	–
Managed Init	289.4	304.6	+1	–
Equity Ord	513.0	540.0	+2.8	–
Equity Init	421.8	444.0	+2.3	–
Pen Ind Lkd Gilt Ord	135.1	142.2	+0.2	–
Pen Ind Lkd Gilt Init	116.0	122.1	+0.2	–
Overseas Equity Ord	290.2	305.5	+0.2	–
Overseas Equity Init	238.6	251.2	+0.1	–
Property Ord	207.0	217.9	+0.1	–
Property Init	170.2	179.2	–	–
Fixed Interest Ord	197.2	207.6	+0.9	–
Fixed Interest Init	162.1	170.6	+0.6	–
Deposit Ord	171.0	180.0	–	–
Deposit Init	140.6	148.0	–	–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or –	Yield Gross
Prufund				
Managed Oct 5	208.1	216.8	–	–

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price	Yield Int.	Red.
107½	102½	Treas 13pc 1990‡‡	103	12.59	10.09
104¾	100	Exch 11pc 1990‡‡	101	10.88	10.07
107	102	Exch. 12½pc 1990	103	12.13	10.20
93¾	90	Treas. 3pc 1990	91½xd	3.28	8.98
99¾	95	Treas 8¼pc 1987–90‡‡	97	8.48	10.05
102¼	95¾	Treas. 8pc Cv 1990 ‡‡	98	8.08	8.57
103	98	Treas. 10pcCv 1990	99xd	10.02	10.11
91	87	Exch 2½pc 1990	88	2.83	8.54
107¾	101	Treas 11¾pc 1991	103	11.39	10.12
95	90	Funding 5¾pc '87–91‡‡	91	6.28	9.62
90	86	Treas. 3pc 1991	87xd	3.44	8.61
105	98	Treas 10pc Cv '91 ‡‡	100	9.94	9.71
107	100	Exch. 11pc 1991	102¼xd	10.74	10.07
98	92	Treas. 8pc 1991	94¼	8.48	10.12
113¾	105	Treas 12¾pc 1992‡‡	107	11.87	10.02
104	98	Treas 10pc 1992	99	10.01	10.00
98	92¼	Treas. 8pc 1992 ‡‡	94xd	8.50	10.01
106¼	99½	Treas 10½pc Cv 1992‡‡	101xd	10.35	10.02
86	82½	Treas. 3pc 1992	83	3.61	8.41
112	104	Exch. 12¼pc '92	106	11.48	10.04
117	108	Exch 13½pc 1992	110	12.17	10.07
97	91	Treas 8¼pc 1993	93	8.79	10.00
105	97	Treas 10pc 1993‡‡	100	9.99	9.96
115	107	Treas 12½pc 1993‡‡	109½	11.44	9.98
93	87	Funding 6pc 1993‡‡	88	6.79	8.98

Five to Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28½	19½	Texaco $6.25	26⅛	+⅜	$3.00	—	6.8
27⅞	22⅜	Texas Instr. $1	23¾xd	+⅛	72c	—	1.8
69	43¼	Time Inc. $1	68½xd	+⅛	$1.00	—	0.9
21½	15⅞	Transamerica $1	20⅞xd	−⅛	$1.84	—	5.3
20½	14½	TRINOVA Corp	16½xd	+⅛	64c	—	2.3
19	15¼	USX $1	16¼	+⅛	$1.20	—	4.3
24⅞	17⅝	Utd. Technologies	24⅛xd	+⅛	$1.60	—	3.8
34⅝	26¼	US West	34⅝	+½	$3.52	—	6.1
24⅞	16⅜	Waste Management $1	24⅝	−⅛	48c	—	1.1
16⅞	12⅜	Whirlpool $1	15⅛	+⅛	$1.10	—	4.2
33⅞	18¼	Woolworth $3½	33⅞	+⅛	$1.64	—	2.9

CANADIANS

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp	182p	−7	—	—	—
32p	11p	Abbot Energy Corp	13½p	.....	—	—	—
14⅛	916p	Amer. Barrick Res	10⅛	+⅛	—	—	—
10p	3p	American Lightwave	7½p	.....	—	—	—
47p	9½p	Armeno	9½p	.....	—	—	—
76p	37p	Augmitto Explm	45p	+4	—	—	—
14⅛	10⅝	Bk. Montreal	14⅛	+⅛	$2.00	—	6.9
744p	514p	Bk. Nova Scot.	744pxd	+12	76c	—	5.0
18⅛	15¼	BCE	18⅛xd	+⅛	$2.44	—	6.5
716p	591p	Bow Valley	684p	+5	40c	—	3.2
13⅝	10½	Brascan	12⅛	+⅛	88c	—	3.4
328p	183p	Breakwater Res	195p	−½	10c	—	2.5
12	801p	Can.Imp Bank	12	+⅛	$1.16	—	4.7
11½	841p	Can. Pacific	10⅝xd	.....	60c	—	2.7
41½	38½	Do. 4pc Deb £100	38½	.....	4%	—	10.4
515p	362p	Central Capital "A"	439p	−6	—	—	—
485p	378p	Corona Corp	421p	+6	—	—	—
686p	288p	Cons. TVX Min	305p	+12	—	—	—
371p	76p	Dambus Res	124p	−18	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

63	61	Restaminster 5p	62	+1	1.0	4.3	2.2	14.5
237	150	Royal Sovereign 10p	215xd	......	4.6	1.9	2.9	20.1
26	22½	Scott Pickford 10p	24½	......	3.1	0.7	16.9	12.7
116	68	Seacon Hldgs	96	......	21.0	–	1.4	–
15½	10	Sonic Tape 2½p	11	+½	–	–	–	14.4
27	18	Staks Hldgs. 5p	24	+1	–	–	–	♦
4½	2½	Swanyard Studios 1p	3½	......	–	–	–	♦
298	200	Takare	275	+2	1.0	8.1	0.5	28.2
70	41	Theme Holdings	66	......	♦1.1	♦	2.2	♦
36	26	Tomorrows Leisure 20p	28	......	–	–	–	♦
25	13½	Tullow Oil 10p	17	+1	–	–	–	–
135	110	UPL Group 10p	118	......	L2.41	4.3	2.9	15.0
182	120	Unit Group	150	......	5.0	♦	4.4	♦
125	85	Video Tape Rec 5p	110	......	L2.3	2.3	2.8	15.8
6	2	Wilton Group	5xr	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ## Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	71xd	......
Craig & Rose £1 γ	698	......
Finlay Pkg. 5p γ	85xd	–1
Holt (Jos) 25p γ	£11 ⅞xd	–⅛

IRISH

Cap. 8½% Ln. 1991	£98½	......
9pc Cap Ln. 1996	£105	......
Fin. 13% 97/02	£121¾	
Arnotts γ	392	......
Carrol Inds. γ	140	......
Grafton Grp. γ	134	......
Hall (R. & H.)	158	......
Helton Hldgs. γ	63	+2
Irish Ropes γ	148	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	55
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons	38
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	38
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45
Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50
Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26
Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES
Weekend October 8/October 9 1988

Texan banking group asks for state bale-out

By Roderick Oram in New York

MCORP, the last large Texas-owned bank holding company, gave up its fight for independence yesterday when it asked for federal government help to rebuild its finances, severely battered by the real-estate collapse in the state.

The Dallas institution, ranked second-largest in the south-western US and 35th nationally with assets of $20bn (£11.7bn), said it hoped financial assistance from the Federal Deposit Insurance Corp would allow it to raise fresh capital from private investors and remain Texas-based.

Of the five big local banking groups, which hold about half of the state's $220bn in bank assets, three have been taken over within the past year by out-of-state banks and a fourth has gone to non-Texan investors.

The biggest rescue was the purchase in August of First RepublicBank, the largest in the region, by NCNB, the North Carolina banking group, with the help of $4bn of federal assistance.

MCorp said yesterday it could not yet determine the amount, nature or timing of federal government assistance.

Some Wall Street analysts and bankers pointed out that MCorp's financial condition was not as grave as First Republic's and said they thought MCorp might need about $1bn of help.

Mr Ed Frieze, research director in the Dallas office of Henry S. Miller, Grub and Ellis, a real estate agency, said that the Texas real estate market had stabilised this year, with office prices and occupancy rates flat and foreclosure rates falling rapidly.

The economy had also shown signs of reviving, although the recent slump in oil prices had unsettled the local energy sector.

Despite this somewhat better background, MCorp was unable to hold its own after a tenacious two-year fight. The company was apparently forced to seek help after the Comptroller of the Currency completed a three-month audit of its books.

According to local reports, the regulators had taken a tough line with MCorp on its delinquent real estate loans, forcing it to mark them down more realistically to market prices.

The Comptroller's office confirmed that rules had been tightened but would not comment specifically on MCorp.

As a result of the audit, MCorp will have to make much larger than expected additions to its loan reserves, which could push its third-quarter losses up to $500m from $169.3m in the second quarter.

Royal Ordnance to stop production at two sites

By Lynton McLain and Jimmy Burns

ROYAL ORDNANCE is to close a munitions factory and cease production of explosives at another plant, putting 2,300 jobs at risk.

The Patricroft factory near Manchester, employing 1,200, is to close by spring 1990. Manufacturing of explosives will cease at a factory at Bishopton, near Glasgow, which employs 1,100, by early 1991.

The Bishopton site will continue to be used for environmental tests and for the storage of munitions. It is the sole manufacturing site in Britain for nitroglycerine, used in the production of gun propellants and explosives.

RO, the formerly state-owned munitions company which was sold to British Aerospace last year for £190m, said employees would be transferred where possible to other RO sites. Talks would be held with staff and unions about voluntary severance and retirement.

RO said the number of factories in the RO ammunition division, which includes the explosives factories, had to be reduced to allow the remaining factories to produce munitions for a £400m long-term supply contract for the Ministry of Defence "at world market prices."

Royal Ordnance prices are above those on the world munitions market and RO's export performance has slumped, with ammunition sales accounting for only 3 per cent of the world market in the run-up to privatisation.

Under the terms of the acquisition of RO, BAe signed agreements with the MoD for the long-term supply of explosives and related products. Certain types of ammunition were to be supplied at fixed prices.

The final agreement, announced by Mr Tim Sainsbury, the minister for defence procurement, in July, called for RO to supply "some 80 per cent of the ministry's requirements for specified explosives, propellants and ammunition."

These specified, but undisclosed, products had to be supplied by RO at "annually reducing prices," Mr Sainsbury said.

The work was worth £400m to RO and represented "something under 50 per cent of the MoD's anticipated requirements for ammunition, mines and explosives over the five years."

Union leaders representing the 14,000 employees at Royal Ordnance yesterday said their members would black the handling of any production that might be transferred within the company from the two plants.

The warning came after hundreds of workers walked out of the two factories. Union leaders said there was "outrage" at the 12 other Royal Ordnance plants, where workers would meet on Monday to discuss co-ordinated protest.

Mr Jack Dromey, national secretary of the TGWU transport union, accused the Government of having used British Aerospace as a "willing agent" to rationalise the factories.

Royal Ordnance slims down for battle, Page 6

Washington meeting to co-ordinate OTC fraud inquiries

By William Dullforce in Geneva

PUBLIC prosecutors and senior police officials from 10 countries will meet in Washington next week to co-ordinate investigations into the fraud involving US over-the-counter shares, believed to have swallowed $500m (£294m) from more than 10,000 investors worldwide.

Lawyers in Geneva said that, with the exception of drug investigations, the meeting would mark the biggest concerted international effort to probe criminal action. The talks have been convened by the US Securities and Exchange Commission and are due to take place on Tuesday and Wednesday.

Inquiries carried out since July, when 10 people were arrested in Switzerland and France and several companies were closed in Geneva, Nyon, Basle and Lugano, have disclosed unexpectedly widespread ramifications.

Mr Jean-Claude Merkly, a business consultant assisting the examining magistrate in Geneva, said that the activities of the network, which persuaded mainly small investors to make deposits supposedly for placement in US OTC stocks, began six years ago and extended throughout the Far East and Latin America.

Moreover, the fraud appeared to be continuing. Mr Merkly said that West German police had just raided and closed the offices of a company in Frankfurt.

Investigators at the Washington meeting will come from Australia, France, Luxembourg, the Netherlands, Spain, Switzerland, the UK, the US and West Germany. Many British investors are among the victims.

Interpol, the US Justice Department, the Federal Bureau of Investigation and the SEC's offices in Chicago, Miami and Salt Lake City will be represented.

Mr Laurent Kasper-Ansermet, the Geneva examining magistrate, will stay on after the meeting to interview market-makers who specialised in those OTC stocks manipulated by the network.

On Thursday the magistrate reimposed a ban, lifted a month earlier, which denies defending lawyers access to the file of the investigation. He cited important new evidence from the US and Europe.

Investigators in Geneva believe it may be possible to recover between 30 per cent and 40 per cent of the money invested through the Swiss-based companies run by the network.

The ringleaders had placed on their own account significant amounts of the funds, which were transfered to the US through banks in Luxembourg and Gibraltar, in bonds and top US and international stocks. These holdings have been seized.

Mr Kasper-Ansermet has issued warrants for the arrest of five more people alleged to have been implicated in the Swiss end of the fraud. They include the former director of the Lugano office of Kettler Investment, based in Vaduz, Liechtenstein, who has dual Canadian-Italian citizenship

Kettler is now in the hands of a Liechtenstein liquidator. A trustee has been put in charge of Equity Management Services in Nyon and one will shortly be nominated for Falcontrust Financial in Geneva.

THE LEX COLUMN

Sharing in the bond market's fun

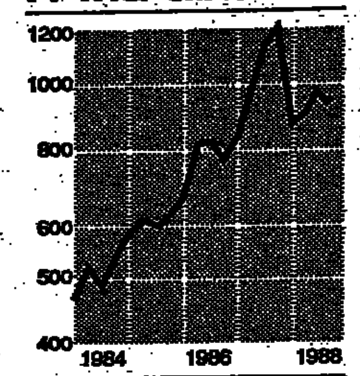
It is beginning to look as if the anniversary of last October's stock market crash may prove to be a non-event, which should be good news for investors of a nervous disposition. The world's stock markets have entered the final quarter of the year in surprisingly robust form. Several continental bourses have hit 1988 peaks this week, and both London and Wall Street are showing signs of wanting to break out of their current trading ranges.

There remain understandable worries about the outcome of the US presidential elections — which are only just over a month away — and the health of the Tokyo stock market is also a cause of some concern. But for the moment the world's equity markets are focusing on the surprisingly strong showing in the fixed interest markets where yields have fallen by over 30 basis points since the end of August. Summertime worries about inflation and economic overheating have been subsiding, and while this may prove to be a temporary phenomenon, the bond markets are being driven by a perception that interest rates are near their peaks and the next move may be down rather than up.

Clearly, the recent weakness of oil and gold prices have reduced inflation fears, and yesterday's US employment figures have been seized upon as further evidence that there is no need for further monetary tightening to slow the US economy. If correct, this will negate the need for higher interest rates elsewhere around the world. However, this sort of interpretation is probably premature. True, the pace of US employment growth has slackened considerably from the hectic rate of the first half of 1988; but the drop in the unemployment rate suggests that the economy is still bumping against capacity constraints and the real surprise remains why this has not yet been reflected in stronger US wage inflation.

FT Index rose 8.9 to 1,490.4

FT-A All-Share Index



RTZ/Lasmo

The smoothly accomplished placing of RTZ's £260m stake in Lasmo yesterday was a happy event for everyone concerned, except for Lasmo itself. RTZ has ended a four year flirtation with the oil independents — which brought more than its share of worry and of loss — with a profit of over £100m. Thanks to British Gas' clumsy dawn raid last month, it has achieved a bid-related price for its stake without having the risk of waiting for the bid itself, nor the unpleasantness of being seen to conduct the auction. It is left with no borrowings, and the enjoyable task of deploying the money in a market in which it can be king pin.

The greedy appetite of institutions for Lasmo shares does not mean RTZ would have done better to wait. The very act of disposing of the stake makes Lasmo much more vulnerable, as a bidder now faces a block of institutions positively panting to take the money, rather than a single 28 per cent shareholding commited to vote with the board. The new owners evidently reason that as British Gas was prepared to pay 480p last month, the 500p placing price leaves plenty of room for a nice turn.

Probably they are right, but the thing is not a dead cert. It is not clear what British Gas was up to initially, nor whether it will still be interested with the Enterprise stake gone. Moreover, now that the oil price is below $12, there is a chance that pathologically bullish oil bidders will start to question whether oil prices really will be almost twice as high five years from now.

ITV companies

Broadcasting reform may yet do its bit to harm British culture; but for the moment, at least, investors seem to be adopting a more sanguine view about its effect on the profitability of independent television. ITV company shares have risen sharply over the past two days, seven of them showing percentage rises in two figures since Monday; only Scottish TV's poor results helped it buck the trend.

There is still plenty around to be worried about, of course, and yesterday's limited trading volumes suggest that most investors are content to stick with their anxieties. But after months frozen in fear of the broadcasting white paper now due in mid-November, things may have started to move. HTV was the catalyst this week, reporting a fourfold increase in overseas programme sales; and whether it was the stock's downright cheapness (its prospective rating languishing at around five times earnings), its 7 per cent yield or its proven ability to adapt to reform of the exchequer levy system, HTV's success inspired a stricken sector.

*The companies started the week on valuations which found room for just about every bit of bad news imaginable: competition for advertising, the cost of bidding for franchises, even the loss of the franchise altogether. Now the market seems to be paying some attention to the potential advantages of reform: a lighter public service burden; and the possibility of takeovers, however distant and uncertain. Further reform of the levy system — which has nothing to do with the white paper — could still deal the sector a nasty blow. But with the smaller companies clustered around prospective p/e's of five or six, and the less vulnerable larger companies on 8 or so, there could be more to come.

Travis & Arnold

It is usually a fine thing when institutions look to the long term rather than take the cash, but in the case of the three way struggle for Travis & Arnold, the reverse is the case. This time institutions may want to prevent a management which owns nearly half the shares dictating the terms of a merger to everyone else. Now that Meyer has backed its far superior cash offer with a convertible alternative the position of Travis is even more untenable in recommending an all-share merger with Sandell Perkins worth 50 per cent less.

On business grounds there seems little to choose between the two: the fit with Sandell Perkins may be neater, but Meyer has size in an industry where big is better. In the end, however, the bid will be decided neither in the interests of the company, nor on principle, nor on price, but on how many "dead" shareholders are on the register. With Sandell Perkins already claiming 42.5 per cent, Meyer will have to do better than mop up all the institutions if it is to win.

Coats closure costs 800 jobs

By Alice Rawsthorn

COATS VIYELLA, Europe's biggest textile group, is closing one of its largest knitwear factories with the loss of 800 jobs as part of its UK restructuring.

The contract knitwear factory at Mansfield, Nottinghamshire, which mustered sales of £12m last year, concentrates on production of the low-cost knitwear that has been worst hit by increasing imports.

The UK knitwear market has become intensely competitive since the start of the year. The industry has faced the parallel problems of growing imports, reflecting the strength of sterling, and the fashion for tailored clothing that has depressed demand for knitwear.

Coats has suffered with the rest of the industry. The poor performance of its £100m knitwear business was one of the chief contributors to the fall in interim profits announced two weeks ago.

Since the start of the year its knitwear workforce of some 5,500 people has been reduced by about 1,500, including yesterday's redundancies.

Mr Jeffrey Hewitt, director of corporate strategy, said that the Mansfield factory had been "seriously affected by the deterioration of the knitwear market" and that the group had "no alternative" but to close it.

The closure forms part of a review of Coats' textile interests. The company is rationalising its UK production in some areas, including knitwear, in favour of sourcing overseas.

The chief cause of its poor performance in knitwear is the competitive market. This problem has, however, been compounded by internal difficulties following the restructuring of its knitwear interests last autumn and an industrial dispute in February.

Coats is also reorganising its plant at Alfreton, Derbyshire, where Dalkeith and Byford knitwear is made. Mr Hewitt said the likelihood of further restructuring would depend on the state of the market.

The knitwear industry, concentrated in the East Midlands and the Scottish Borders, has been scarred by cuts and closures in recent months. The Coats closure at Mansfield is the largest to be announced this year.

The most vulnerable manufacturers have been the small companies, or "sweatshops," turning out cheap knitwear, but many of the big groups have also been rationalised.

Corah withdrew from knitwear production in May with 430 job losses. Earlier this week the Oakwood Group announced the closure of one of its Leicester knitwear plants with the loss of 200 jobs.

Measuring up an industry, Page 9

Oil rig safety move expected

By Charles Hodgson

SAFETY committees, including elected workers' representatives, could soon become compulsory on North Sea oil installations, Mr Cecil Parkinson, the Energy Secretary, indicated yesterday.

Mr Parkinson told a delegation of Labour MPs led by Mr John Prescott, the party's energy spokesman, that he would shortly issue a consultation document on a regulation establishing statutory safety committees.

The Energy Secretary also agreed to consider placing the offshore oil industry under the scrutiny of the independent Health and Safety Executive, should the public inquiry into the Piper Alpha disaster, chaired by Lord Cullen, so recommend.

At present, responsibility for rig safety lies with the Department of Energy's own safety inspectorate.

A spokesman for the department said last night that the consultation document could be prepared within a month. There would then be between six and eight weeks for employers and unions to study the proposals.

Although any regulation would need to go before parliament, legislation could be introduced swiftly if it received cross-party support.

Some oil companies already operate safety committees on a voluntary basis.

Mr Prescott said he was pleased with the outcome of the meeting.

Labour has been pressing for statutory safety committees since the Piper Alpha explosion in July, which killed 168

It has also criticised what it sees as a conflict of interest between the Department of Energy's responsibility for the commercial development of the industry and its role in enforcing safety standards.

Although the department has been holding talks with the employers and trade unions on safety committees for some time, unions withdrew from the working group after the Piper Alpha disaster.

In a letter to Mr Prescott last night, Mr Parkinson said agreement between the two sides on safety committees had been virtually secured before the union walkout and he insisted that the establishment of such committees should not be held up by the union withdrawal.

He again rejected the union demand, backed by Mr Prescott, that trade unions should represent the workforce.

Shell and British Petroleum, the two largest operators in the North Sea, said yesterday that they already had safety committees, on which workers were represented, on every offshore platform.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				Bazar Hotel	472	+	20
Rises				CSF Thmson	182.1	+	7.3
MAN	217	+	6.7	**Falls**			
VW	289	+	7.7	UIC	751	−	19
Lufthansa	157.8	+	2.3	Primagaz	700	−	25
Falls				**TOKYO (Yen)**			
Nixdorf Pref.	396.5	−	10.5	**Rises**			
NEW YORK ($)				Nichias	850	+	75
Rises				Yuken Kogyo	880	+	62
Fuqua Inds.	31⅝	+	3½	Nissin	960	+	65
Texas Air	16¾	+	¾	**Falls**			
Upjohn	34⅜	+	⅞	Intec	3660	−	320
Falls				Nitto Flour	612	−	39
Intel	24¾	−	1⅞	Sasaki Glass	1120	−	60
Sun Micro.	29⅞	−	3⅛				
Wickes	11½	−	1				
PARIS (FFrs)							
Rises							
Fives Lille	153	+	8				

New York prices at 12.30.

LONDON (Pence)							
Rises				HTV	274	+	26
ASDA Grp.	152½	+	4½	Jaguar	263	+	6
Amersham Int.	589	+	12	Laporte Inds.	396	+	9
Anglia TV	212	+	15	Morgan G'fell	303	+	6
BICC	400	+	12	Sandell Perkins	261	+	13
Cable & Wire	405	+	12	Taylor Woodrow	608	+	12
Central ITV	575	+	30	Vickers	180	+	6
Comm. Union	349	+	8	**Falls**			
Cons Gold Flds	£13	+	¼	Enterprise Oil	623½	−	10½
Delta	289	+	14	LASMO	531	−	20
Eng China Clay	524	+	14	Standard Chart	529	−	5
Friendly Htls.	263	+	14				

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Dallas †	F	12	54	Madeira	F	21	70	Prague	F	12	54
Algiers	S	27	81	Dublin	F	10	50	Madrid	S	26	79	Reykjavik	F	1	34
Amsterdam	F	13	55	Dubrovnik	C	21	70	Majorca	F	25	77	Rhodes	S	24	75
Athens	S	26	79	Edinburgh	F	11	52	Malaga	S	20	68	Rio de Janeiro		—	—
Bahrain	S	33	91	Faro	S	24	75	Malta	S	27	81	Rome	C	22	72
Barcelona	S	22	72	Florence	F	19	66	Manchester	C	9	48	Salzburg	R	9	48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

A man mourned

Continued from Page 1

Delbarre, the French Transport Minister.

After the funeral he was lauded to the strains of Bruckner and Beethoven in a ceremony at the Residenz, the ancestral home of Bavaria's ancient Wittelsbach dynasty.

Mr Kohl, who long had to smart under Mr Strauss's invective, called him "a modern conservative."

Mr Von Weizsaecker spoke movingly of Mr Strauss's precision, democratic spirit and his early days as a bicycling champion. He was "at times more liberal than many of his progressive opponents," the president said.

The Bavarian leader's death has left a vacuum in West German politics. It has torn a gaping hole in the hearts of many of the ordinary people who lined up in their thousands to mourn him yesterday.

"This is a catastrophe for Bavaria," said Mr Richard Schmid, a Munich taxi driver who said his father was buried in the same grave as Mr Strauss's parents.

Mrs Brigitte Plenk, a youngish woman standing outside the cathedral, said: "He was a Baroque character, a real Bavarian. He spoke his mind, not like the other politicians."

Nearly all the German politicians from left and right at yesterday's ceremonies have felt at times the lash of his tongue. But West German politics was impregnated by his colour and style.

Not all were satisfied with yesterday's harmony. Miss Judith Brandl, a teenager sitting on a fountain outside the Munich McDonald's hamburger shop, said the conciliatory display was "hypocritical."

Lasmo shares

Continued from Page 1

as having been made possible by the recent sharp rise in Lasmo's share price. It was handled by Kleinwort Benson and Cazenove and was one of the biggest share placings seen in the London. The shares are understood to have been placed with a large number of institutions.

After the sale, Mr Greentree was sanguine about Lasmo's chance of beating off predators.

Referring to recent takeovers in the oil sector he said: "A lot of shareholders were taught a very expensive lesson." Investors were beginning to understand that oil companies should be valued on the basis of current asset prices rather than discounted cash flows, and that this would make it unnecessary for Lasmo to have a single large shareholder to protect it from a predator.

Analysts, however, suggested that Lasmo was far from being immune to takeover.

Lasmo has a 25.2 per cent stake in Enterprise Oil, which it is auctioning currently. Mr Greentree said that after the sale Lasmo would have roughly £800m of net cash which it would use to fund acquisitions. It has put in bids for some of the oil assets of Tenneco, the US company, which are being auctioned.

Weekend FT

SECTION II

Weekend October 8/October 9 1988

The Oxford ark that Bodley built

***Robin Lane Fox** assesses the threat posed to a great library because of cuts in Government grants*

AS THE undergraduates return to Oxford this weekend, every bank in the city is trying to trap them with cheap loans, free wallets and even the dreaded college scarves. Perhaps they should try book tokens. In the past 15 years, the price of books has vastly outperformed the dwindling student grant. In Oxford, even the tutors are no longer sure of access to whatever they need to read for their subjects.

The university's great library, the Bodleian, is severely short of money. It needs money to maintain the most marvellous library buildings in Europe; it needs serious money to jump the hurdle of computerisation, a massive task which will then save funds; it needs money to cope with the spate of books published in Britain which it receives free by copyright; it needs money to keep up the yearly runs of foreign periodicals and books which it buys to match the British material in the subjects of university research.

In 1605, Sir Francis Bacon wrote to Thomas Bodley, the library's founder, that he "had built an ark to save learning from deluge." Without the Bodleian, many of the best-known names in British scholarship would never have made their mark. In its ark, they have sailed past the fog-banks of parochial ignorance to the seas of international knowledge, whether in history, law, or evolutionary biology.

In the past 30 years, I have used the library continuously for classical literature, the history of the world from Homer to Mohammed, early Christian studies, gardening, casual reading and back numbers of the FT. Very seldom have I met with gaps — the curse of scholars almost everywhere else. If the gaps in the ark increase, we cannot trust it to take us to the frontiers of understanding.

The Bodleian faces a deluge, caused directly by the Government's continuing cuts in the grant to universities. It costs £5.45m a year to run its huge central building and four sister libraries, 83 miles of book-shelving, 5.1m books (increasing yearly), over a million maps, 50,000 continuing periodicals and 35,000 readers with admission tickets and individual demands from all over the world. Its endowments and services are sensibly managed to bring in £550,000 a year, but the remainder has to come from the yearly grant which the Government makes to the university. That grant continues to be cut in real terms: like the Bodleian, the university is cutting senior staff and struggling with its budget.

The Bodleian's problems, like the university's, cannot be solved, or blamed, on Oxford's surrounding colleges. They have their own budgets and heavy responsibilities for staff, tutors, students, stonework and their own teaching libraries. Very few have the surplus which outsiders invent for them, and certainly not enough to make any serious impact on the budget of a library of global learning. The Bodleian is not an Oxford student library but one for scholars and recommended readers world-wide: with a suitable reference, anyone can use it. In Oxford, its range gives undergraduates the chance to escape from their tutors. To me, as to thousands of others it is the mother of so much that nobody ever taught us, from the building styles of Italy to lesser-known novels by Trollope or the changing history of Iran. By lateral, centrifugal reading, writers and their public are saved from being dull.

In the 1980s, library finances have become big news. Manchester's Rylands Library this year sold valuable treasures (not everybody agrees they were "second copies" rather than permanent gifts); the bleak new arsenal for the British Library is rising gloomily beside St Pancras, at a cost to the Government of £400m; President Mitterrand is expected to re-house and revive Paris' Bibliothèque Nationale at even greater cost as a showpiece of his new term of office; and the New York Public Library has blossomed under a shower of private giving, orchestrated by the remarkable energies of Vartan Gregorian and Brook Astor as the "smartest cause in town."

Britain, and Oxford, have a healthy suspicion of "smart causes." This year is the 500th anniversary of the loveliest, although not the smartest, reading room in Britain: the library of Humfrey, Duke of Gloucester, round which the Bodleian has grown up. The library's future risks falling between two categories. It is world-famous and used world-wide without being national or public; it is part of a university without being confined to it. It is much too good to be left to run down because a government wishes to cut its university bill.

In reply, the Bodleian has started to campaign. This July, readers who expect to have daily access to texts on D. H. Lawrence, studies on the rise of empires or the inexhaustible decisions of the Christian Church found their stronghold, the circular Radcliffe Camera, shut to scholarly research. Learning had had to wait for a dinner party, held among the theology books to launch the Bodleian Appeal Campaign for £10m in the presence of the Prince of Wales. In New York, donors will pay thousands of pounds to sit at a library table with people of their choice: should it have been £10,000 for Isaiah Berlin and an auction of Norman Stone to the highest bidder?

In Oxford, potential benefactors sat for nothing beside university dignitaries. Money and brains were expected to "make contact," so much so that the wife of one famous Oxford intellectual found herself being asked by her all-too-businesslike neighbour to spend a fortnight with him in South America. (Like a mediaeval cathedral, the Bodleian has always been the scene of brief encounters and strange romances, because it forces both sexes and all ages to sit, read and concentrate in the same room.)

The hope now is that encounters will lead world-wide to individual gifts and take the Bodleian out of the range of the Government's fall-out. Why, though, does it deserve the money? There are five other copyright libraries that receive everything printed in this country; Cambridge's library is coping; the British Library is being built up deliberately to a budget of £70m a year. One answer is that the Bodleian is much older and infinitely more beautiful, but buildings like its divinity school are extremely expensive to maintain. In Cambridge, the library is one newish building, designed for its modern purpose on a single site. The Bodleian has to staff and maintain four outlying libraries outside its early core. It has hived off law, science and colonial studies which (in Oxford) include American history.

Another answer is that the Bodleian is not any old copyright library. It owes its life to Thomas Bodley, husband of a very rich widow whose family fortune was based on the fish trade to Europe. Between 1598 and his death in 1613, Bodley made his library cosmopolitan. One of his motives is supposed to have been his deep dislike of Catholics. The first librarian was very Protestant and the library did become a stockpile of anti-popish texts. In fact, Bodley's own horizons were wider and more generous. He was competent in Greek and Hebrew; he saw the value of Arabic; wonderfully, he urged an English agent in Aleppo to buy books in Turkish, Persian and any Eastern language even if people in England could not yet read them. By 1607, he was even buying texts in Chinese: "I make no doubt but in processe of time, by the extraordinary diligence of some one or other student they may be readily understood."

There are no new Bodleys in government, so we need them to stand forward among people of riches and position. Oxford, which had one, now has a world-famous library because one gift attracts another. To the early Oriental and mediaeval manuscripts have come dozens of later collections for safety, from political papers to manuscripts of Shelley's poems and the treasures of many of the colleges by permanent loan or gift. The Bodleian is not just a store of supposed new verses by Shakespeare. Among copyright libraries, its strengths are unique.

So is its atmosphere. If you wonder why atmosphere matters, try a week in France's copyright library, the Bibliothèque Nationale. Readers queue like cinema-goers for one of the 360 seats at opening time (the Bodleian seats 2,080); up to a third of the shelf marks are inaccessible at any one time (17 per cent of the Bodleian books are waiting on open display and all are available on call). There is no tyrant quite like a library tyrant, but Bodley's staff are picked by the library: they have even saved my shopping overnight in the fridge when I have left it at the desk at closing time. In Paris, the staff are civil servants who work to their own rhythm.

During one awful queue, it emerged that the library staff were absent, taking their children to the circus on a visit organised by the French Ministry of Education. In Bodley, the staff serves the readers, not the state. Nobody, not even King Charles, has been allowed to borrow a book.

Cambridge, by contrast, is a lending library, so gaps are inevitable on any one day. Admittedly, the Cambridge Library is more famous for its tea room, one of the prime centres of free intellectual exchange; the Bodleian does have a graduates' common room, which I think I have smelt but not seen. One of Oxford's shrewder operators reserves his really secret business for the common room because it is the one place where there is nobody around to overhear it.

The Bodleian's problems go wider than the tea room or the newer graffiti in the gentlemen's lavatories (this has coarsened dramatically since the introduction of obligatory readers' tickets in 1979. Now that you can enter only with a ticket you know that its authors must be among you, reading mildly in your company). Its problems connect also to the ambitions of our age.

Like no other society, we are setting out to keep copies of everything printed. The reason is not simply timidity, although the Bodleian has to respect this argument. In the 1870s, it sold its Folio copy of Shakespeare, presumably doubting its staying power. Although there are limits to saving, we certainly do not know yet where to draw them tidily. It seems clear that Shirley Conran will never write the new *Vanity Fair*, although I fear she might write another gardening book. But what about this year's new novelists, let alone the problem of pseudonyms? In 1911, the Bodleian rejected *The Simple Life Ltd* by Daniel Chaucer; it was a work by Ford Madox Ford which made important allusions to Joseph Conrad.

Books, however, are also the vital source of new books. Shirley Conran might not be much of a writer, but *Lace* is part of popular taste and the idea of Superwoman will have to be analysed in social history. We all idealise and pay heavily for the dumb evidence of archaeology, but anything in print is evidence at quite a different level. There has been a shift in our intellectual outlook. In the past hundred years, we have appreciated more fully that knowledge is subjective and that science, too, is a point of view. Every book also is a book about ourselves. Old textbooks no longer die: they linger for 50 years and become books on the human history of their subject. To our great credit, those histories have expanded marvellously.

Women's history will be narrowed if it cannot look back in amazement on *Playboy* or *Woman's Own* as well as on highbrow writings. The history of childhood will be thankful for images of Lord Snooty as well as for texts on child psychology. The more we try to understand ourselves and our past, the more we deepen our own humanity: by contrast, consider the Khmer Rouge. Our leading libraries must not throw away the evidence.

The problem is that there is so much more to keep. Since 1960, cultural pundits have declared that the printed word is dying: they ought to take up weather forecasting. In Britain, books have multiplied and newspapers now come in huge wodges. In 1964 some 24,000 new titles appeared whereas, in 1987, Britain poured out 51,000, extending the Bodleian's shelving by another 1.3 miles. Part of it runs outside Oxford and might eventually undermine the university's rather dreary arboretum. Part runs under the library and its streets in those underground catwalks that were fictionalised creepily by J. I. M. Stewart in the finale to *Operation Pax*. "What sort of people find the books? Quite small boys, I've been told, and some people say it has to be dwarves."

No other country has six copyright libraries; personally, I wish we had 10, four to serve the north. Once a library has this resented privilege, it is absurd to abandon it or cut it in half. To save funds, the right ought to be extended to include all books in European languages if the EEC really wishes to give legal substance to its talk of "cultural unity." Meanwhile, the Bodleian has to cope with a growing mass on a falling budget. Its catalogue really has to be put on computer; more money is needed for conservation, storage, and the increased demand from readers that computer catalogues bring in their wake.

Like most passengers in the ark I, too, have had occasional doubts. Could we not call a halt? Do we really want reader-friendly screens at every desk in Duke Humfrey's library? I remember the consultant who tried to tell us the benefits by asking us what we were reading. It happened to be *The Cherry Orchard*. "Just think," he replied, "every title on cherries and every title on orchards before your eyes in half a minute."

Under David Vaizey, librarian since 1986, I trust the terminals to be less reader-crazy and the Bodleian, if supported, to float through our self-inflicted deluge. The lifeline, however, is up to us. Personally, I have always left a legacy to put plants of scented jasmine in the lower reading room to brighten up the winter. In the Metropolitan Museum, I now discover, somebody has just given money for a weekly flower arrangement to be maintained in the front hall. We cannot let New York get that far ahead of us; but if I am going to fund it, knowing Oxford, I am thankful to know that all those books on flower arranging are being stored carefully.

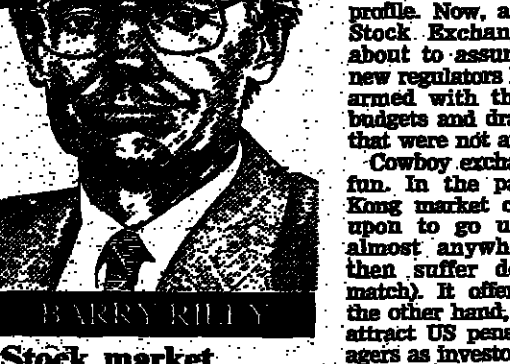
■ *Appeal details from: The Librarian, Bodleian Library, Oxford. OX1 3BG.*

The Long View

It's no fun being a buccaneer now

THE BUCCANEERS are leaving Hong Kong and the regulators are moving in. For good or ill, the territory's volatile stock market might never be quite the same again.

Respectability now counts for more than the traditional wholehearted pursuit of a quick profit. It might be no coincidence that Sir Kenneth Berrill, ousted arch-bureaucrat of the UK's Securities and Investments Board, was in town this week, albeit strictly in an unofficial capacity.



BARRY RILEY

Stock market policemen are gaining the upper hand. But a visit to Hong Kong stimulates some thoughts on the limits of regulation.

There can be no more sensitive indicator of the shift towards tougher regulation of stock markets world-wide than the mood in Hong Kong. This tiny slice of south China has to bend with the wind, and not just with Typhoon Nelson which has been prowling somewhere offshore this week.

But a territory like Hong Kong has no wish to be at the leading edge of regulation. That can be left to the Americans. All the same, standards have to be kept up to date. The trick is to stay just far enough behind the pack to gain an advantage, but not so far as to be ruled out of contention.

Last October, the Hong Kong Stock Exchange got out of line. Alone out of markets with international pretensions, it closed after the crash for a period of four trading days. Locals protest that, in practical terms, many other markets were no more open. Indeed, this week the neighbouring Taipei stock market, in the process of undergoing its own private version of the crash, has been stalled repeatedly by its 3 per cent limit down restrictions. The market is open, Mr Investor — but sorry, you can't trade. Try again tomorrow.

However, form can matter more than substance. And when the futures market collapse threatened a major financial crisis in the wake of the crash, the Hong Kong Government was forced to raise its profile. Now, a spring-cleaned Stock Exchange council is about to assume power, and new regulators have sprung up armed with the kind of big budgets and draconian powers that were not available before.

Cowboy exchanges are more fun. In the past, the Hong Kong market could be relied upon to go up faster than almost anywhere else (and then suffer downswings to match). It offered action. On the other hand, if you want to attract US pension fund managers as investors, you have to persuade them that they would not be in breach of their fiduciary responsibilities by venturing into ill-regulated markets.

So, today, the cleaned-up market snoozes. A couple of weeks ago, bored dealers on the trading floor had to be stopped from bringing in portable TV sets to watch the Olympics. On the fundamentals, Hong Kong stocks are dirt cheap — by historical standards, at any rate. But nobody really wants to know. Fortunately, the racing season opened at Happy Valley on Wednesday night. *Money Rolling In* romped home a winner.

Curiously, another visitor this week happened to be Milton Friedman, free market fanatic and a man who believes that insider trading can make markets work better. In Hong Kong insider trading is not yet a crime, but it can lead to public condemnation. Yet, much of the dealing on the Hong Kong stock market traditionally has been by controlling shareholders of family companies. Why else, the locals argue, should anybody deal except on the basis of what they think is special information? This has been the basis of the high liquidity that has been the most important distinguishing feature of Hong Kong among the Far Eastern exchanges (outside Japan, at any rate).

So, there could be a trade-off for the international institutions which the Hong Kong authorities want to attract. In the past there has been a liquid market where, once in a while, there was a risk of being on the wrong end of a fraudulent transaction. In the future, it will be possible to assume much greater honesty but it might not be possible to deal in any size. Which is better? The answer will depend on whether the new, clean image of Hong Kong (assuming it can be sustained) will attract a new wave of listings.

It is certain that there is a vast amount of institutional capital in the US, Japan, Europe and elsewhere that could become available for investment-grade equities in the South-East Asia region. But it has yet to become clear if the right corporate formulae can be put together. What are wanted are solid, long-term enterprises rather than property and finance packages put together by wheeling and dealing entrepreneurs.

Meanwhile, there is an odd contrast between a truly Asian market like, say, Taipei, where the barred foreigners have been clamouring to get in (at least until the past few weeks) and that of Hong Kong, where there is a risk that the local participants will be frightened away. That appears to be a real danger, if there is too much emphasis on disclosure of dealings, swoops by securities commissioners, and probes by insider trading tribunals.

It could be that more bullish conditions would ease many of these fears. No serious money has been made (and much has been lost) in the Hong Kong equity market during the past year, and interest rates are high enough to discourage commitment to stocks. The big financial game in town now is currency speculation (which is where ultra-respectable central banks have developed insider dealing to a fine art).

So, good luck to the Hong Kong Stock Exchange. We need proof that good markets can drive out the bad. Exchange Square might provide a lesson for others. Perhaps you, too, can learn to like your securities commissioner.

CONTENTS

FINANCE & THE FAMILY: THIS WEEK

Ringing the changes in unit trust marketing

Retailers Marks & Spencer announced this week that it plans to launch its own unit trust. Hard on its heels came Morgan Grenfell's statement that it intends to offer from October 18 what it describes as the first index-linked unit trust for the retail market. Eric Short and John Edwards look at the background to what may be a revolution in bringing the stock market to the public. **Page III**

A grass-roots regional revival

In the first of a series by our regional correspondents on the status of local brokers, Ian Hamilton Fazey reports on the merger between Henry Cooke Lumsden (HCL) and Edington, the Manchester-based merchant bank, which could be good news for the smaller investor. **Page VI**

The right time to do nothing

It is a defence document cliché in a takeover battle to advise that shareholders should take no action. Therefore, as Clay Harris reports, *in the present struggle between* Consolidated Gold Fields and Minorco, the best course of action may well turn out to be inaction. **Page V**

In search of the 1992 effect

"Flavour of the month" marketing is back in the unit trust industry, with European growth trusts being promoted as potential star performers. Christine Stopp examines how the managers are pushing the single market. **Page VI**

The day the roof fell in

The summer and autumn of 1987 proved halcyon days for development-rich property companies: until the October stock market crash, that is. Now, with *merchant developers* leading the Results Due announcements next week, it is time to count the cost. Report and tables: **Page IV**

- ■ **BANKING: Making time for the public: Page III**
- ■ **COMPANIES: Company News Summary: Page IV**
- ■ **INSURANCE: New watchdog at the helm: Page VII**
- ■ **EXPATS: Why it pays to be choosy: Page VIII**
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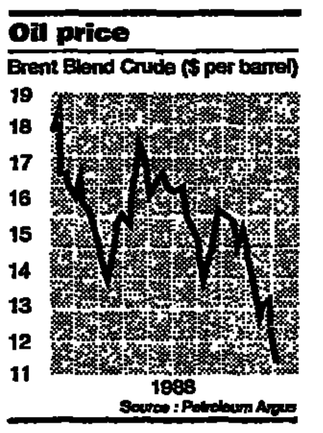
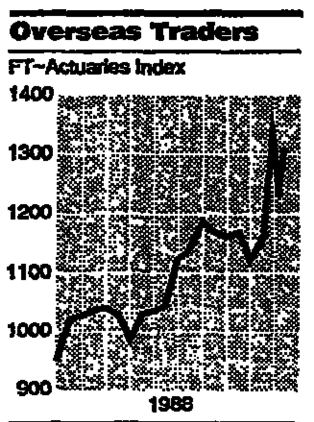




Crude prices hit 26-month low

Oil prices spiralled down to a 26-month low this week after Saudi Arabia announced its intention to continue lifting oil production in a market that is already glutted. On Thursday, North Sea Brent closed at $11.25 a barrel. The Saudi action was aimed at putting pressure on other Gulf oil producers, particularly Iraq and the United Arab *Emirates, to reach a new Opec production accord.* Saudi Arabia, normally the staunchest defender of Opec agreements, is estimated to be producing 5.7m barrels a day, far above its quota of 4.3m b/d. *Steven Butler*

Overseas traders dominate

Over the past month, the overseas traders have outperformed every other sector of the London market except mining finance – though this had less to do with fundamentals than with Asher Edelman's purchases of Lonrho shares. This much depleted sector is dominated by four stocks: Lonrho, Polly Peck, Inchcape and Harrisons & Crosfield. Each has had its own quite independent reasons for outperformance, although firmer commodity prices *have been a common theme.* *Patti Waldmeir*

Unit trusts remain subdued

Unit trusts ended the year before the anniversary of the October stock market crash on a subdued note, according to Opal Statistics. On an offer to offer price basis they showed an average profit last month of 1.7 per cent. *European invested trusts* were up 4 per cent, North American by 2.8; UK 2.2; and Japanese 1.5 per cent. The value of Australian sector funds dropped by 6.5 per cent and gold funds suffered even steeper losses.

Figures tracking unit trust performance over the previous 12 months showed an average drop in value of 23.5 per cent on an offer to bid basis. In other words, the average investment of £1,000 made last September, just before the crash, was worth only £760.50 a year later. Trusts investing in fixed interest securities and preference stock accounted for almost all the top 25 performers. *John Edwards*

LONDON

A poke in the eye for the Pillsbury doughboy

EQUITIES, gilts and sterling kept their nerve this week as oil prices slid to two-year lows. The FT-SE 100 recovered from a shaky Monday to continue its upward progress of recent weeks.

By Friday, it was holding steady around 1,844, for a net gain of about 18 points on the week. Government securities indices similarly crept ahead, and sterling's trade-weighted value barely budged from 75.8 all week, evidence of the wider stability in currency markets in the wake of the G7 statements linked to the recent IMF and World Bank meetings in Berlin.

All this was achieved despite a fall in oil prices – North Sea Brent for *October delivery* dropped to $11.25 – reflecting the disarray in the Organisation of Petroleum Exporting *Countries after Saudi Arabia* said that it would raise output to counter other members' quota violations.

The Government did its bit for confidence on Thursday by setting a late November date for the flotation of British Steel. The privatisation is expected to raise £2.5bn in two instalments.

Grand Metropolitan got the ball rolling earlier in the week by launching a $5.23bn (£3.1bn) offer for Pillsbury, the US *foods and restaurant group.* This raised the total value of bids in progress involving UK companies to more than £7.5bn.

GrandMet's gambit was a model of takeover tactics. Coming up with a cash bid 53 per cent above the previous night's close – and nearly a quarter above Pillsbury's all-time peak in October 1987 – the diversified drinks, food and retailing group left its target gasping and appeared to have won the respect of New York arbs and analysts alike.

However, the Pillsbury doughboy bounced back from the poke in the stomach – as he always does in the TV adverts, only without his usual giggle. The Green Giant wasn't too jolly either.

Pillsbury vouchsafed no opinion about the value of the offer, but filed a series of law suits challenging GrandMet's fitness as a distiller and brewer to own licensed restaurants – such vertical integration is banned in most US states under quaintly named "tied-house evil" laws.

GrandMet's gambit was a model of takeover tactics . . . it left its target gasping

GrandMet's initial and logical response was to dismiss the threat – it had already promised to sell the restaurants in question. But, as Beazer and BAT Industries learnt the hard way, no bidder in the US can afford to be too complacent once courts and state regulatory boards get into the act.

Even if it meets the letter of the law, GrandMet should not ignore the depth of distrust of the liquor trade – and of gambling (Pillsbury is already calling attention to the UK betting operations) – in the Quayle belt where the bid may be decided.

In London, GrandMet asked for only £479m in new equity – with half of that not due until next June. But its shares finished the week 10 per cent lower than before last Friday's announcement of the Inter-Continental hotels sale.

In the £2.9bn battle for Consolidated Gold Fields, Minorco published an offer document which revealed little new information apart from the identities of its bankers – nothing to disturb the phony war prevailing ahead of the UK Government's decision whether to refer the bid to the Monopolies and Mergers Commission.

That was not to last. Gold Fields struck first by asking President Reagan to block the bid on US national security grounds. The law under which the petition was filed has not yet been tested, but Reagan will have to decide before the election whether to order an *investigation.*

But then Minorco lobbed a potentially more lethal grenade into the Gold Fields camp. It revealed how close the two companies apparently came to an agreed merger late in 1986. Gold Fields *confirmed* the talks, but insisted that South African control of the combined company had proved a fundamental stumbling block.

Gold Fields chairman Rudolph Agnew insists that he had not supported a merger in 1986, but Minorco's account suggests that he had used a pretty short spoon to sup with a party his side now openly describes as an "international pariah."

The UK Government would never use such blunt language about an investor with a £15bn portfolio in Britain, but the Kuwait Investment Office must have been tempted to read between the lines after Lord *Young confirmed the Monopolies* Commission's recommendation that the KIO be compelled to reduce its holding in British Petroleum from 21.6 per cent to 9.9 per cent within 12 months.

This seemed scant reward for helping to support BP's post-October price with share purchases, and the Kuwaitis expressed a sense of "extreme injustice." By midday on Friday, the BP share price had advanced 5p on the week to 242p.

Lasmo shares, however, dropped 5 per cent on Friday after RTZ Group placed out its 28 per cent stake for £259m.

Mecca Leisure, the bingo club and holiday camp operator, made a final offer of £732m for Pleasurama, the casinos and theme restaurants group. Unlike the first all-share version, the latest 241p package included 100p of cash. The bid closes on October 19 unless another player steps up to the table.

British Coal Pension Funds secured victory in the bid for TR Industrial & General, Britain's third largest investment trust, without having to *increase its original £560.5m offer.*

In the battle of the builders' merchants, Meyer International raised its cash offer for Travis & Arnold to £213m, where it is worth 50 per cent more than the all-share terms of a merger with Sandell Perkins which is still recommended by the target company's board.

With Sandell already claiming acceptances of 43 per cent, Meyer was trying to avoid *suffering defeat as early as the* first close next Tuesday. It also bought 23 per cent of Travis's shares in the market – potentially a spoiling stake.

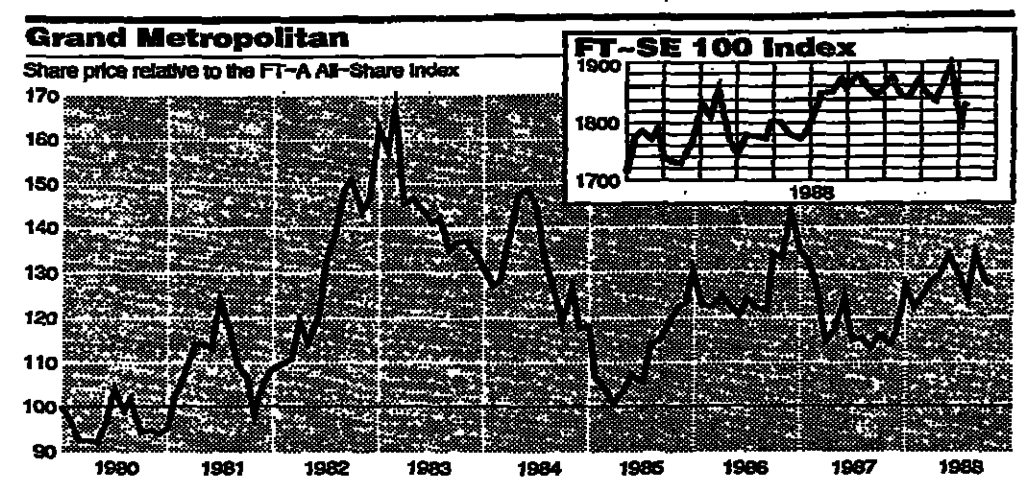
Richard Branson and fellow directors of Virgin Group finally revealed the details of their plan to buy out the 37 per cent minority of the entertainment group held by the public. Virgin is to go private at the same price it came to the market through a tender offer in November 1986 – 140p per share. Branson may yet be vindicated in his belief that the price undervalues Virgin's long-term prospects, but efforts to fault the market for failing to perceive this fell somewhat flat.

In a quiet week for company results, only two FTSE-100 constituents reported. Amstrad, the consumer electronics and personal computer group, increased pre-tax profits by 18 per cent to £160.4m in the year to June 30.

This advance was at the top end of expectations, but the shares dipped 5p to 211p. Alan Sugar's group also bought a 9 per cent stake in Micron Technology of the US as part of an effort to ensure long-term supplies of memory chips.

Sears, the retail and betting group, managed a 10 per cent profits rise to £102.3m in the six months to July 31 and tried to play down bid speculation.

Clay Harris



JUNIOR MARKETS

It's all go for the logo moguls

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1490.4	+13.9	1514.7	1349.0	Institutional support.
Aurora	141	+28	141	48	Bid approach from ANI.
BICC	400	+23	436	269	Takeover speculation.
Domino Printing	210	-78	585	210	Problems at US subsidiary.
Expl. Co. Louisiana	124	+16	124	54	Drilling news expected soon.
Grand Met.	451	-43	605	348	£3.1bn bid for Pillsbury.
Hogg Robinson GM	155	+15	264	105	Takeover speculation.
Invergordon	356	+49	375	138	Buy-out announcement.
LASMO	531xd	-54½	595	161	Weak oil prices/RTZ places stake.
McAlpine (A.)	307	-60	676	299	Profits warning.
Multitone	76xd	+13	109	43	Vague bid hopes.
Reckitt & Colman	937	+44	£12⅛	668	Re-rating on brand names.
Travis & Arnold	578	+78	578	235	Revised counter-bid.
Ultramar	251	-17	320	138	Weak crude oil prices.
Wassall	260	+45	275	73	Hanson interest.

TAKE A look, if you will, at *your local high street. From* the fast food outlet to the bank, there are likely to be few stores that do not bear the hallmark of a redesign. In this decade, coordinated colour schemes and slick facades have emerged as a *key part of the* effort to woo the customer – a trend also marked in the hotel and restaurant trade.

Whatever the impact on the stores, the undoubted beneficiaries have been the shopfitters, interior designers and refurbishers. And as a fast-expanding and people-based industry, it is no surprise that *these businesses* are *playing a* part on the USM. Four such companies – Dean & Bowes, Plumb Holdings, Campbell & Armstrong and *Sharp* & Law – have come to the USM in the past two and a half years, in addition to Havelock Europa and Courtney, Pope, which are on the main market.

It is a highly fragmented *industry and the companies* have been quick to use their paper for acquisitions. The latest deal was this week's £6.5m bid by Dean & Bowes for TFL Group, a company that specialises in hotel interior design and refurbishment with clients such as the Ladbroke Hilton and Metropole.

This acquisition extends Dean's base *which up to now* has taken in pubs, clubs and holiday centres – where the company has been busy transforming *Hi-de-Hi style* holiday camps into the equivalent of two-star hotels. The broadening of the base is useful, says Stephen Dean, chairman, since business from pubs is concentrated in the few months before Christmas, while work *on hotels has to take place* before the summer.

The importance of getting an even spread of work throughout the year is echoed by Rick Cressman, managing director of Plumb Holdings. Until 1979, the company's dependence on the retail trade meant that business slumped from November until after the January *sales, after which the* company tried to even its workload by taking on work from the hotel and leisure sector.

Work across the business has been buoyant, which this week helped the company to announce a 51 per cent rise in pre-tax profits to £1.53m for the half year to July 30. In hotel refurbishment, there is strong *demand from 1960s-built hotels* for the conversion of small, poky rooms into larger, more luxurious suites. The retail business *has also* done well.

So far, so profitable. But with the possible downturn in consumer spending and the likely end to the takeover bonanza in the retail sector, could the fashion for retail facelifts be coming to an end?

*Not in the opinion of Cress*man. He believes that as retailing becomes even more competitive, shops will continue to spend on design in an effort to maintain their market share.

Brian Considine, chairman of Sharp & Law, which does business for shops such as Marks and Spencer, Asda and B&Q, concurs. Although he *acknowledges that demand* could slow down in parts of the market, he expects many of the company's clients to show an aggressive attitude if retail spending slows down.

Even if spending on hotels and stores is sustained, it is not necessarily an easy ride for the designer and fitter. Take Blanchards, an interior decora*tion company that has expan*ded into architecture and design. This week the company announced a lurch into the red with pre-tax losses of £1.79m *for the year to the* end of June compared with profits of £562,000 the year before.

Blanchards ran into a string of problems, not least of which was the fall-off in business in the Middle East. Substantial losses were also chalked up by First Architecture, a company involved in hospitals, the leisure sector and office planning, which was acquired last year. It problems stemmed from a hole in its order books at the *same time as it ran up large* bills from chasing after business.

*In an effort to run the com*pany more tightly, it is now putting greater emphasis on fee-based design rather than acting as a contractor. After a management shake-up it is installing a new chairman, Melvyn Levi, and a new managing director, Peter Inston, who ran the Blanchard subsidiary specialising in hotel and *leisure projects, the one bright* spot in the otherwise dismal picture.

Vanessa Houlder

Eurotunnel hits costs obstacle

THE SHARE price of Eurotunnel, the Anglo-French Channel tunnel group, sprang a leak this week after it revealed the cost of the project would be £353m more than planned.

The combined price of Eurotunnel shares and warrants tumbled by 16½p to 332p on Monday, *falling* well below the issue price of 350p during last November's £700m share sale. By yesterday, *Eurotunnel had* clawed back most of Monday's loss to stand at a combined price of 346p, but shareholders remain jittery.

It is less than a year since contractors started to dig the tunnel but already there are complaints about delays. Now, Eurotunnel says the project will cost 7 per cent more to build than forecast in last year's share issue document.

This should give the Jere*miahs, who have warned that* the tunnel is likely to be completed massively over-time and over-budget, the kind of warm glow that comes only with "having told us so." A more charitable explanation would be that Eurotunnel has stepped in quickly to try to resolve problems that always were likely to emerge during the early *stages of such a large* development.

Delays and cost increases are worrying at any stage of a major construction project but it is too early to start manning the lifeboats.

First, delays in digging the service tunnel, which will run between the two 31 mile-long rail tunnels, accounts for only a proportion of the increased costs. About a third of the rise is due to extra spending by Eurotunnel to strengthen the team of experts it has hired to oversee the performance of the contractors and ensure that the work is being done properly, within cost.

Another third is due to improvements made to the design of the rail shuttle system which will carry vehicles through the tunnels. The remainder is associated with the cost of catching-up construction delays that have beset both British and French ends of the service tunnel.

On the English side, these have been due to problems with machinery; poorer ground conditions than had been expected; and, according to Alastair Morton, British joint chairman of Eurotunnel, man*agement problems which are* now being resolved at Transmanche Link, the contractors.

On the French side delays were initially caused by the failure of the French company contracted to supply the first tunnel boring machine. There have subsequently been teething problems with the machine digging the seaward side of the service tunnel.

The combined effect is that the service tunnel is about three months behind schedule *on the British side and about* five months on the French. The better news is that digging speeds are improving. Last week 148 metres of the service tunnel were dug on the British side, compared with an average of just over 100 metres a week in the previous six weeks. British contractors, when digging started, needed *to achieve about 160 metres a* week to meet the target date for completing the service tunnel by Autumn 1990.

Progress on the seaward side of the French end of the service tunnel has been tortuous and has averaged only about 17 metres a week during the past six weeks. However, the tunnel boring machine digging the landward end of the tunnel achieved 74 metres in extremely poor ground conditions last week.

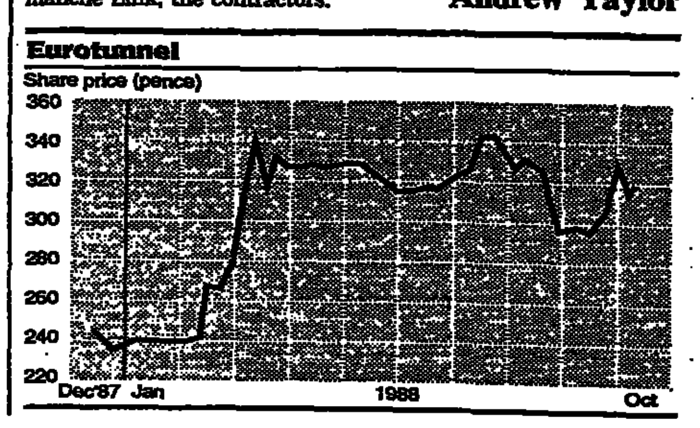
Digging speeds will need to be even faster over the next few months if lost time is to be *made up. Perhaps the most* worrying aspect is that recent cost increases take no account of increases in inflation and interest rates beyond those forecast in the November share offer document.

Then the group was forecasting an inflation rate of 4.5 per cent for this year and 5 per cent for 1989. It also forecast interest rates *to average* around 9 per cent throughout the life of the development. There is however a standby *facility of £1bn to cover* unexpected increases in costs.

Eurotunnel has increased its traffic and revenue forecasts which it says will offset the impact of the rise in building costs. The difficulty with earnings forecasts is that nobody can really assess how much traffic will want to cross the Channel, what proportion will want to use the tunnel, or what price competition the Channel ferries will provide when the tunnel is due to open in 1993.

For investors the project remains one in which you have to have faith. That faith will *have been tested this week.*

Andrew Taylor



WALL STREET

Bulls still whistling in the dark

THE STOCK market took off yesterday morning as bond investors heaved a gigantic sigh of relief about the weaker than expected September *employment report. The one* and a half point gain in the Treasury's long bond by lunchtime could scarcely have failed to trigger the reflex reaction in equities which sent the Dow Jones Industrial Average up over 20 points.

But is the modest weakening of economic activity suggested by the employment numbers really such good news for Wall Street? A number of less widely publicised corporate announcements this week suggested that the US may *now be entering the phase of* the business cycle when equity investors have more to lose *than to gain from slower* economic growth.

The full details will not emerge until the quarterly cor*porate results season,* which begins in the next two weeks, but bearish profit forecasts from several key industrial *firms, including Goodyear,* Digital Equipment, INtel and Cummins Engine, carried a portentous message.

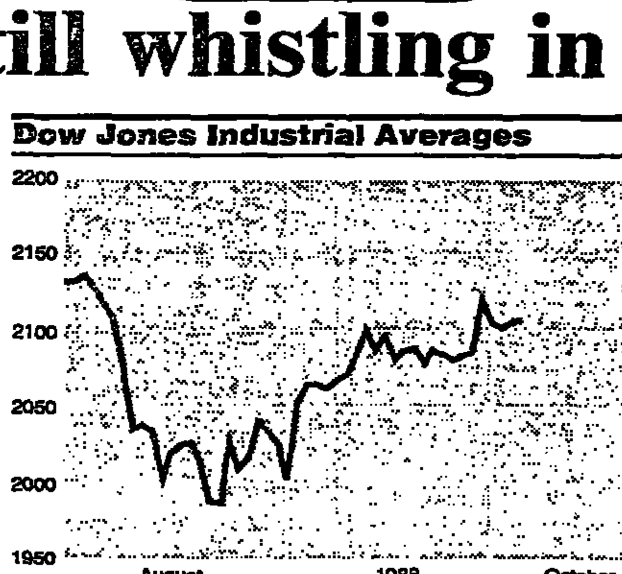
*The rapid growth of US cor*porate profits which has been the market's main support since last October has now *peaked. To make matters* worse, the lower than expected profits seem to be coming from just those industrial and export-oriented companies which are supposed to be sustaining the current phase of US economic growth.

If this perception of slowing industrial growth, which seems also to be reflected in the details of the employment numbers, export figures, consumer confidence surveys and other economic statistics is confirmed in the months ahead, equity investors may soon start to rue their wishes for an economic deceleration.

Unless the outlook becomes much clearer as a result of the quarterly results announcements, however, there is no *reason to suppose that the* prices will break out of the listless pattern of gyrations which it has established since last *Christmas. As Paul Campbell* of Nikko Securities remarks:

"The market continues to be caught in a narrow trading *range. Its technical condition* is poor but the absence of any serious selling pressure has enabled the market to hang up. *However, from our point of* view there is very little upside. Until the market declines enough to create an intermediate oversold position, we prefer to sit on the sidelines. Patience *is its own reward.*"

Most brokers, and certainly most investors, appear to share his calmly gloomy view of the immediate future. Superficially, of course, some of the brokers seem far more optimistic. They point to the hefty profits that have been made, even in this year's aimless drifting, through careful stock selection and speculation on takeover bids. They confidently predict a major breakout to new post-crash highs the moment bond investors overcome their excessive paranoia about economic overheating. Increasing numbers even espouse the full panoply of New Age theories about neverending prosperity and growth.



Much of this bullish talk, however, is simply whistling in the dark. Deep down the analysts and brokers are probably even more afraid of the future than their investment clients.

The reasons both for their *deep-seated fears and for their* optimistic demeanour were clearly summarised last week in two little-noticed reports from the Securities Industry Association.

One traced the collapse in retail investment activity since the crash and pointed to the dire "economic and sociological consequences" if this decline persisted. The other analysed the difficulty that all securities firms were facing in "coping with costs in a revenue drought."

Both reports carried the same ominous message. Unless something happened soon to reinvigorate investor interest, many more jobs would be lost on Wall Street.

Worse still, if retail investors continued to shun the stock market, it was possible to imagine Congress implementing "radical fiscal policies, particularly involving taxation, *which do not consider the* adverse impact on companies and the capital market in general."

Against this kind of background it smacks of high treason, as well as professional suicide, to be outspokenly bearish on Wall Street these days. It is not surprising, therefore, that analysts who see a near-term decline in the market almost invariably supplement their calls for "tactical" caution with a prediction of rapid improve*ments in the first half of next* year.

Few seem to be willing to predict the scenario which *common sense, the history of* the late 1960s and the market's own recent behaviour suggests to be quite likely – a further extended period of directionless trading within the range established by the October crash, and then a last decisive shakeout, pushing the market to new lows soon after the next recession takes hold.

Monday	2,105.36	– 7.65
Tuesday	2,102.06	– 3.30
Wednesday	2,106.51	+ 4.45
Thursday	2,107.75	+ 1.24

Anatole Kaletsky

FINANCE & THE FAMILY

Eric Short and John Edwards on the potential revolution in unit trust investment sparked by M & S and Morgan Grenfell

A strategy for all seasons

THE ANNOUNCEMENT by Marks & Spencer this week that it plans to launch its own unit trust could be the forerunner of a whole new deal for investors. It marks the entry of a fresh force into the unit trust industry that could result in a breakthrough in bringing the stock market to the public.

Marks & Spencer is not just extending the "share shop" marketing of investments in the High Street, as pioneered by Debenhams. Indeed, shoppers will not find a unit trust counter in M & S stores wedged between the lingerie department and food hall.

Instead, it is creating its own exclusive unit trust, tailored specially to appeal to its customers and using the same techniques it has employed to build up its reputation for quality goods.

The company is using outside suppliers for product design, investment management and unit pricing to produce a trust conforming to the M & S specifications of providing an "investment strategy for all seasons."

The first step was to hire a US investment consultant firm, Frank Russell International, to advise on designing a product to meet the M & S specifications and, second, to advise on the selection of investment managers.

The format of the underlying assets for the trust (which, for a company with M & S's promotional skills, has an uninspiring name: the Marks & Spencer Investment Portfolio) is detailed in the accompanying table — 20 per cent fixed interest, 60 per cent UK equities and 20 per cent overseas equities, with the UK equities subdivided as shown.

It is an investment strategy that will be familiar to pension scheme managers seeking steady, long-term and above-average growth and reflects Frank Russell's major involvement in the corporate pension investment management field.

However, it is a rather complex strategy for unit trusts. Normally, the investment objectives of these tend to be based rather narrowly so that the private investor can identify more easily where the money is going.

The M & S Investment Portfolio is closer to being an umbrella fund or a fund of funds, although Russell is emphatic that this trust is neither of these.

But the investment mix means it is the type of fund that never will be among the top 100 performers, except possibly in a bear market — a fact that M & S admits freely. It believes that unit trusts are long-term investments, and this strategy has its sights on the long term.

There is an impressive array of investment managers from both sides of the Atlantic, splitting the fund in a manner again more akin to a billion-pound-plus pension fund. However, M & S has warned publicly that any who fail to meet its specifications will, like its other suppliers of mainstream goods, be dropped in favour of someone who can deliver.

On the marketing side, the group has decided against unit trust counters in its stores. Its primary sales effort, at least initially, will be concentrated on a direct mail campaign to its 2.2m charge card-holders, 120,000 budget card accounts and 300,000 shareholders.

So, even if there was a response of only 0.5 per cent, there would be 12,400 applications — a large figure when compared with present unit trust launches.

Brochures giving details of the trust will be available in every M & S store, but any interested customer will be referred to the freephone line to Chester. Like anyone else offering investments, M & S is subject to the financial services regulations.

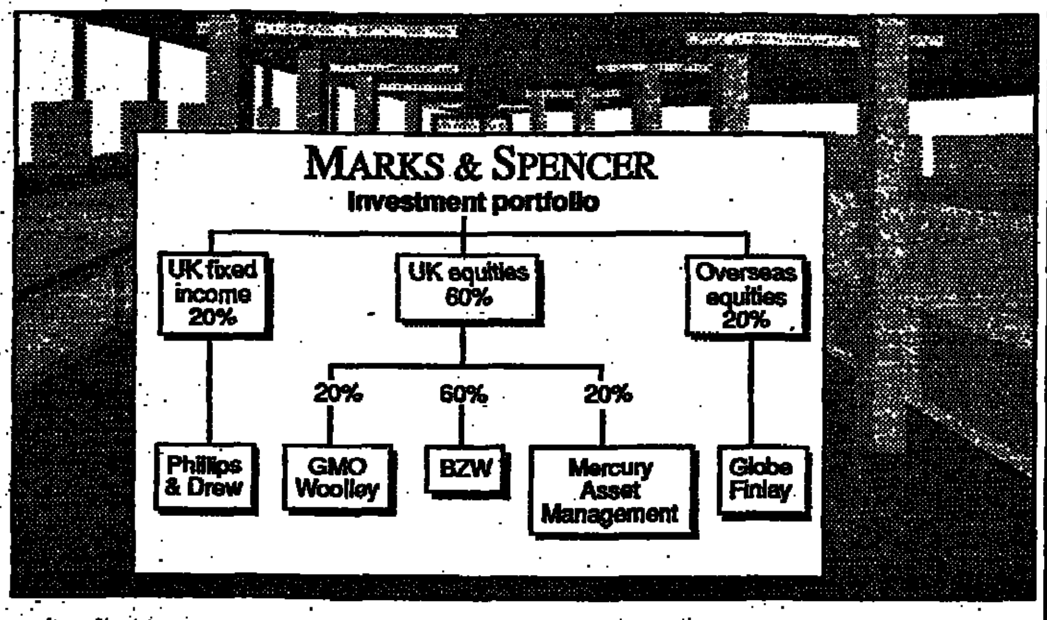
While it has no intention yet of having trained unit trust staff in any of its 578 stores, the trust also will be available through independent financial advisers, suggesting that this is not a move aimed at boosting store sales but a serious effort by the group to expand its financial services.

So far, the group has confined its financial services operation, launched in 1985, to activities related to its mainstream retailing through its credit cards — Chargecard, Budget Card and Card Safe — and its personal loans.

Now, M & S is moving in a different direction by seeking to become an important player in the unit trust industry and using its retailing skills to tap a new potential investment market.

During the initial offer period from October 18 to November 2, lump sum investments over £1,000 will qualify for 1 per cent discount. M & S account-holders, shareholders, staff and pensioners will be eligible for a 2 per cent discount on the minimum investment of £500. There also is a regular savings plan with a minimum of £25 a month.

The initial front-load charge is a conventional 5.5 per cent but the annual management fee at 1.5 per cent is on the high side, bearing in mind the constraints on the investment mix.



When average is best

IS A revolution in unit trust investment about to be triggered by the news that Morgan Grenfell plans to launch, on October 18, what it calls the first index-linked unit trust for the retail market?

Index funds could be called the cowardly (or safe) approach to investment. Instead of picking individual stocks and hoping they do well, index funds aim to track the performance of the whole market by choosing the stocks that make up the index used to measure the market's overall trend. It follows, therefore, that their performance must be strictly average.

So why should investors be interested in a fund that merely mirrors the market trend?

Well, the sad fact is that the majority (more than two-thirds) of unit trusts fail to match the indices of the markets in which they are investing, so a fund that performs in line with the index is, in fact, an above-average performer.

Statistics compiled by Micropal (see the accompanying graph) show that, over the past 10 years, the average performance of all unit trusts, including specialist and overseas funds, has fallen well below the theoretical return provided by the FT-Actuaries All-Share index for the UK market. More pertinently, during the same period the performance of UK unit trusts also was consistently below the All-Share Index, with the minor exception of UK growth trusts during the past 18 months.

One reason for this shortfall, of course, is that the performance of the unit trusts is undermined by the charges.

But the fact remains that, despite all the efforts of highly-paid fund managers, most unit trusts perform consistently below the market average and entail far greater risk for the investor. A star fund one year is quite likely to be a dud the next.

Tony Fraher, managing director of Morgan Grenfell Unit Trust Managers, says the index fund is a return to the original concept for establishing unit trusts more than 50 years ago: to provide investors with consistency and reduced risk by having a spread of investments. He believes an index fund should be the "core holding" in an investment portfolio to ensure that you stay in line with the market, leaving you free to try to add on value with more specialist funds that you can chop and change.

Tony Fraher of Morgan Grenfell

Indexed funds have become very popular in the US in recent years and have been gaining ground on this side of the Atlantic, too, especially with pension managers. Last month, Royal Life launched the first UK authorised index-linked unit trust. With a minimum investment of £250,000 it was aimed firmly at institutions and very wealthy individuals, although it is understood that a retail version for smaller investors is to be introduced soon.

However, Morgan Grenfell, which entered the unit trust market only in April, has moved in first with its UK Equity Tracker Trust fund that will be offered at a fixed price of 100p a unit from October 18 to November 7. Its minimum investment is only £1,000 and there also is a regular savings scheme with a minimum of £50 a month.

Both the Morgan Grenfell and Royal Life index funds are based on tracking the All-Share Index, which has 710 shares. However, their approach will differ. Royal Life, which has put up £300m to help the fund start investing, is using Paribas Asset Management (one of the experts in "passive investing") to buy all 710 shares in the index in proportion to their individual weighting. In this way, it will try to achieve an exact replication of the index.

By contrast, Morgan Grenfell is planning to invest in only 350 of the shares in the index and will be using a system which, it claims, will enable it to follow the index with a tracking error of only 0.3 to 0.4 per cent. It will buy shares in companies that account for the bulk of index value. The group claims that full replication would involve transaction costs too high for a small or medium sized portfolio.

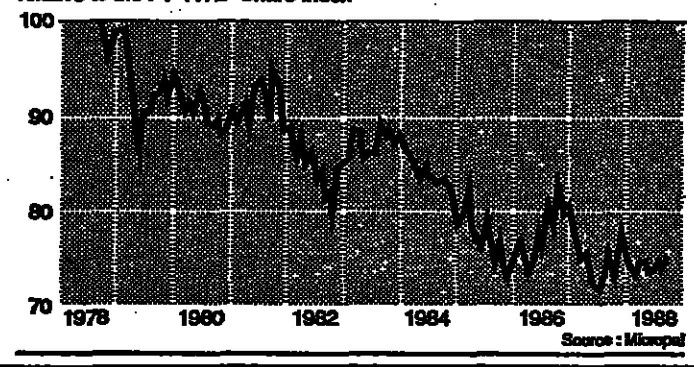
Costs of the new trust are, in fact, competitive with an initial charge of only 5 per cent and an annual management fee of 0.5 per cent, reflecting the fact that "passive" fund management should be cheaper.

Fraher says that an index fund is the safest way back into the stock market for investors shell-shocked by the crash a year ago. It would provide a return to basics for investors who have long-term faith in equities but are worried about the losses involved in picking the wrong unit trust.

Nevertheless, this still requires the basic belief that equities will, over the longer term, provide a better overall return than other forms of investment.

All Unit Trusts

relative to the FT-A All-Share index



Banks make time for people

IT MIGHT be only a happy coincidence that pub and banking hours are being extended at the same time but the underlying purpose is the same: to satisfy the market. The announcement this week by Lloyds that all its 2,200 branches would open for an extra hour daily — to 4.30 — is the most significant move for a couple of decades by clearing banks to make themselves more accessible to the public.

Banks decided in 1969 to shut on Saturdays but to extend their week-day hours, then 10am to 3pm, to 9.30am to 3.30pm. In retrospect, that was the low point in service. Since then, they have slowly — almost grudgingly — made improvements. In 1982, Barclays led the way to Saturday re-opening, and many banks began to open later at selected branches. However, not all of them offered full counter facilities outside normal hours, and service was patchy.

The reasons for their reluctance to move faster have been rooted partly in labour problems, partly in the bureaucratic nature of banks. The unions claim longer opening hours result in more work although, in practice, most employees work a full day no matter how long the doors are open. The other reason is the time needed by tradition to balance the books at the end of the day. Again, though, with modern technology there is no reason why banks should not open for the same hours as shops, which also have to tot up the day's business before they close.

As so often in the industry, the smaller banks have led the way. In 1985, the Yorkshire extended hours at all branches by 45 minutes, opening from 9.15am to 4pm with full service. TSB branches also are open till 4 pm; and, last year, the Co-op Bank went one better and stayed open until 5pm.

Now that Lloyds, one of the Big Four, has gone to 4.30pm, there will be pressure on the other major clearers to follow suit — although they may not extend hours at all their branches. Some clearing bankers believe this should happen only in areas where there is obvious demand for banking services late in the afternoon, such as busy high streets.

Apart from beating its rivals, Lloyds' move clearly was calculated to match its smaller competitors — particularly the building societies, which open from 9am to 5pm (some of them six days a week) and have a better public image.

A technical point that arises from longer banking hours is the so-called "cut-off time" by which customers have to conduct their transactions if they are to be included in that day's business. Lloyds emphasised that this would remain at 3.30pm (3pm in the City of London), so longer hours will not mean more time to beat the deadline.

However, even this could improve. The Yorkshire Bank, for example, has a cut-off time of 4 pm. Once the new clearing technology is fully in place, there is no reason why the cut-off should not be put back to 5pm for everyone.

David Lascelles

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.00	4.10	3.28	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	1,000-4,999	0
High interest cheque	7.40	7.70	6.16	monthly	1	5,000-9,999	0
High interest cheque	7.80	8.10	6.48	monthly	1	10,000-49,999	0
High interest cheque	8.20	8.50	6.80	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	5.50	5.58	4.46	half-yearly	1	1-250,000	0
High interest access	7.40	7.40	5.92	yearly	1	500	0
High interest access	7.65	7.65	6.12	yearly	1	2,000	0
High interest access	8.15	8.15	6.52	yearly	1	5,000	0
High interest access	8.40	8.40	6.72	yearly	1	10,000	0
90-day	8.40	8.58	6.86	half yearly	1	500-9,999	90
90-day	8.65	8.84	7.07	half yearly	1	10,000-24,999	90
90-day	9.15	9.36	7.49	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.00	7.50	6.00	yearly	2	5-100,000	30
Income bonds	10.75	8.47	6.78	monthly	2	2,000-100,000	90
Deposit bond	10.75	8.06	6.45	yearly	2	100-100,000	90
34th issue‡	7.50	7.50	7.50	not applics	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applics	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.54	8.88	7.10	monthly	1	2,500	0
Provincial Bank	8.83	9.19	7.35	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1988-89	9.77	8.48	7.70	half yearly	4	-	0
8pc Treasury 1992	10.04	7.98	6.72	half yearly	4	-	0
10.25pc Exchequer 1995	9.94	7.40	5.88	half yearly	4	-	0
3pc Treasury 1990	8.89	8.09	7.82	half yearly	4	-	0
3pc Treasury 1992	8.39	7.56	7.08	half yearly	4	-	0
Index-linked 2pc1992§§	8.30	7.79	7.48	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day: Immediate access for balances over £5,000.♦ Special facility for extra £5,000. §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Halifax's pain killer

THE BIGGEST mortgage lender, Halifax, this week joined the many groups trying to take some of the pain out of higher interest rates. It announced that it was putting £150m aside for a special offer of a mortgage with an interest rate of 11.5 per cent fixed for two years.

The minimum loan will be £30,000 and the offer is confined to endowment or pension mortgages. But Halifax says that its research indicates borrowers like a fixed rate loan that does not tie them up for too long.

Meanwhile, several other building societies are offering special deals or discounts. Cheshire, Lancastrian and the Principality societies, for example, are giving discounts of 0.75 per cent to new buyers while Eastbourne Mutual and Lambeth is also wooing new borrowers with reduced rates.

United Mortgage Corporation, which markets its loans solely through the Leamington Spa building society, has "frozen" its interest rate at 11.25 per cent until January, and the Algemene Bank Nederland has increased its rate to only 12.2 per cent for mortgages sold by the Scarborough Buildig Society.

A detailed list of special schemes available is contained in a supplement issued by Blay's Residential Mortgage Tables available from Blay's Guides, Churchfield Road, Chalfont St Peter, Bucks.

John Edwards

New wave to roll in

THE NEW WAVE of 1980s property companies, development-rich and feted until last October's stock market crash, dominates the early part of next week. London & Edinburgh Trust and Arlington Securities both produce interim reports on Monday; and Stanhope Securities, which dominates the USM, fields its maiden results on Tuesday.

Loosely described as merchant developers, in an attempt to reflect their entrepreneurial approach to the property game, companies like these had a halcyon summer, and early autumn in 1987. Their ability to take big chunks of development profit through the profit and loss account, rather than the balance sheet, got them valued on price/earnings ratios instead of the conventional discount to asset value; at least, it did for a while.

LET made its name with imaginative developments. It is currently involved in the Spitalfields fruit and vegetable market site to the east of the City of London, and Birmingham's Bull Ring shopping centre. Its chairman, John Beckwith, is almost achingly conscious of his stock market rating.

It must have been hard for him last October. The company saw its share price tumble from over 200p ahead of the crash to 87p immediately afterwards; it recovered to the 180s this year and then, in August, faltered in the path of increase after increase in bank interest rates. Next week analysts will be asking it about its exposure to floating rate debt; or, perhaps, to confirm the recent word that, with swaps and hedging, it has 90 per cent of its debt effectively on fixed interest rates already.

Chase Manhattan's property team, Alan Carter, Gareth Evans and Alastair Gunn, also expects LET to produce half-time profits up from £15¼m to £22m and double its interim dividend to 1.5p a share. They like LET and think that its adventures in financial services, like tax efficient property investment vehicles and a "corporate finance boutique", are an exercise in keeping fresh minds in the boardroom rather than the blind alley the market suspects.

Arlington's boardroom has seen some changes lately. Chaired since 1982 by Lord Keith, former boss of merchant bank Hill Samuel, it has just appointed as managing director Mr George Stuart-Clarke — formerly a corporate finance director ... with Hill Samuel, again. As already said, the market does not like mixing high finance with its concept developers, even if one of the main attractions of the new wave was their ability to understand, and use financial techniques in the first place.

It is not likely to be mollified by the half-time profits. Arlington only made £1.5m pre-tax at this stage last year on its way to a total of £14.7m for the year. Within limits, companies like this can create, and report profits to suit themselves. One analyst is going for no profits at all at the half-way mark this year.

The market is also worried that the Kuwait Investment Office, castigated for the size of its BP holding, is registered as owning 16.2 per cent of Arlington. It is not wildly happy, either, that a company known for developing business parks in prime locations should go west and pay £33m for Aztec, the Bristol business park which was a white elephant in the hands of its former owner, Electricity Supply Nominees.

Sentiment has clearly gone very sour indeed. It is up to Arlington to accentuate the positive, like its nil balance sheet gearing, good progress in retail development and the real opportunity cost of the Aztec investment.

Stanhope, unlike the other two, is still standing at a sizeable premium to estimated asset value. It has helped that Olympia & York, one of the New York elite, one of the biggest developers in the world and now heading the Canary Wharf project in London's Docklands, came into take a third of the enlarged company via a £137m equity capital injection in May; and that, with its development partner Rosehaugh, Stanhope was chosen less than a month later for the £6bn Kings Cross redevelopment in central London.

Profits, of course, are running way behind prospects and the market thinks it may see £2.5m pre-tax for 1987-88, up from £500,000 a year earlier. As with Arlington, the precise figure does not really matter at this stage.

Elsewhere in the list, Telephone Rentals has moved from "safe", or even "dull" to headliner status following the recent bid from Cable & Wireless; but its interim figures, originally due next Tuesday, are likely to be delayed by Sir Charles Ball, TR's chairman and a noted defender in takeover battles. The C&W formal offer is described as "imminent."

For the record, analysts have been expecting TR to show the change of pace signposted at this stage last year, and delayed last April due to a loss in North America. They forecast profits up from £9.45m to £11.2m before tax for the first half, rising to £23.7m (£19.6m.) for the year.

Staying with the electronics sector, Racal reaches "impact day" next Wednesday in its flotation schedule for its Vodafone subsidiary, via the stock market sale of 20 per cent of the Racal Telecom Group. Wednesday also brings interims from UEI and Avis Europe where Matthew Stainer of County NatWest WoodMac is going for a 30 per cent rise to £33m pre-tax at the half-way mark.

Life insurance is represented by London & Manchester and unit-linked specialist Abbey Life, both prone to takeover speculation and both due to produce interim reports, on Tuesday and Wednesday.

William Cochrane

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in in pence unless otherwise indicated				
AGB Research	220*§	218½	214	94.64	Pergamon
Asset Trust	94♥	85	88	14.1	Jersey Gen I.T.
Catalyst Comms.	51§	50	52	11.16	Holmes&Marchant
Cons.Gold Fields	£12⅝§§	£13⅛	£10¾	2.72bn.	Minorco
Hard Rock Intl.‡	132*	130	99	46.85	Pleasurama
Hard Rock A‡	100*	99	89	14.07	Pleasurama
Irish Distillers	Ir525*	Ir485	Ir275	Ir330.1	Grand Met
Irish Distillers	Ir450*	Ir485	Ir366†	Ir283.0	Pernod Ricard
M.Y. Hldgs.	100*	95	76	41.0	Tamseydown
Microsystems	240§§	230	213	33.48	Meggitt
Pillsbury	$60*	$57½	$39¾	$5.23bn	Grand Met.
Pillard Garner	185§§	195	160	40.87	Strong & Fisher
Plantation Trust	97*§	100	88	9.92	CDFC Trust
Pleasurama	250§§	216	226	590.25	Mecca Leisure
Pleasurama 7% Cnv	240§§	197	202	140.67	Mecca Leisure
Quest Group	111	110	82	21.69	Erskine House
Roberold	230§ §§	260	222	115.23	Raine Inds.
Roberold	280*	260	275	140.29	Tarmac
Ryan Intl.	183	142	130	90.68	Carless
Smallbone	500*	494	318	28.15	Williams Hldgs.
TR Ind. & Gen.‡	129½*	130	128	550.53	Brit. Coal Pens.
Telephone Rentals	305*§	345	211	284.0	Cable & Wireless
Thermal Sc'ific	222*	216	153	72.50	TI Group
Trends & Arnold	411	578	347	144.88	Sandell Perkins
Trends & Arnold	600*	578	368	213.00	Meyer Intl.
Wayne Kerr‡	110*	107	100	11.52	Farnell Elect.

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 7/10/88. †At suspension. ♥ Based on FAV. §§Shares and cash.

RECENT ISSUES

Pavilion Leisure is to raise £1.31m via an underwritten rights issue.

OFFERS FOR SALE, PLACINGS, INTRODUCTIONS

Com-Tek Resources is to join the USM via an introduction.

Hibernian Football Club is to join the Third Market via an offer for sale of £.65m shares at 55p.

Correction

In the Company News Summary last week, interim dividends for John Mowlem and Company were incorrect. Correct figures are: half year to June 1988, 5.25p; half year to June 1987, 4.75p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alba	Wednesday	-	-	1.5
AMI Healthcare	Thursday	-	-	-
Attwoods	Monday	1.5	4.5	2.0
BM Group	Tuesday	0.9	1.4	1.2
Britannia Security	Wednesday	0.7	1.1	0.9
Brown Shipley Sterling Cap	Monday	-	-	-
Castle Communications	Wednesday	-	4.0	3.0
Goodwin	Monday	-	0.4	-
High-Point Services Group	Monday	1.7	2.7	2.0
Honeysuckle Group	Friday	-	-	2.0
Kingston Oil & Gas	Wednesday	-	0.4	-
Lloyds Chemists	Tuesday	-	0.8	0.5
Medminster	Monday	0.9	1.7	1.2
Personal Computers	Thursday	1.2	2.4	1.5
Pochins	Wednesday	4.0	12.0	4.0
Savage Group	Tuesday	0.7	1.5	1.0
Sinclair William Holdings	Wednesday	1.5	4.2	2.0
SPS Consultancy Group	Tuesday	0.6	1.2	0.7
Stanhope Properties	Tuesday	-	-	-
Tay Homes	Wednesday	1.8	4.4	2.1
INTERIM DIVIDENDS				
Abbey Life Group	Wednesday	3.0	7.2	-
Alexandra Workwear	Tuesday	1.1	2.1	-
Arlington Securities	Monday	1.2	2.8	-
Avis Europe	Wednesday	3.8	5.2	-
Baillie Gifford Technology	Tuesday	-	-	-
Barlows	Monday	-	0.7	-
Brooks Service	Tuesday	1.4	2.8	-
Chillington Corporation	Monday	2.6	4.5	-
Cluff Resources	Wednesday	-	-	-
Comac Group	Friday	-	1.2	-
Dauphin	Monday	-	3.6	-
Forward Technology	Friday	-	1.0	-
Hi-Tec Sports	Thursday	-	-	-
ISA International	Monday	-	0.3	-
Johnston Group	Wednesday	3.0	7.0	-
KCA Drilling	Monday	-	-	-
Kelt Energy	Tuesday	-	-	-
Lancs	Monday	-	1.1	-
Lawrence (Walter)	Wednesday	1.2	3.5	-
Lincat Group	Tuesday	-	-	-
London & Edinburgh	Monday	0.7	1.2	-
London & Manchester	Tuesday	2.8	5.8	-
Radamec Group	Friday	0.5	1.0	-
Second Market Invest Co	Wednesday	-	0.3	-
Slingsby H.C.	Friday	1.2	3.8	-
Telephone Rentals	Tuesday	3.0	5.5	-
Tudor	Wednesday	1.5	3.5	-
U.E.I.	Wednesday	2.3	4.7	-
Walker J.O. & Co	Friday	2.5	4.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

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PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings** per share (p)		Dividends* per share (p)	
AB Electronic	June	16,400	(8,038)	40.0	(35.5)	16.0	(12.
Allied Reets	July	805	(822)	5.5	(4.9)	1.5	(0.5
Amstrad	June	160,400	(135,700)	-	(-)	1.0	(0.5
Barry Wehmiller	July	5,210	(3,660)	16.0	(15.7)	4.5	(2.0
Beckman A	June	1,360	(1,469)	8.9	(10.5)	5.7	(5.7
Bejam	July	24,300	(23,600)	12.4	(11.7)	5.2	(4.7
Blanchards	June	1,790 L	(562)	-	(6.4)	-	(4.5
Churchbury Est	March	5,040	(3,240)	-	(-)	23.1	(15.
Courtney Pope	May	3,040	(2,930)	-	(-)	7.0	(6.0
Druck Holdings	June	3,140	(2,861)	31.8	(26.2)	6.2	(5.2
Galliford	June	6,310	(4,880)	5.8	(4.3)	3.2	(2.7
Halstead James	June	6,000	(5,006)	27.6	(22.3)	8.2	(6.5
HTV Group	July	14,400	(11,900)	43.9	(36.3)	8.0	(6.6
Lyles S	June	1,030	(549)	8.5	(4.5)	3.5	(3.1
Maunders John	June	4,770	(3,050)	12.7	(8.5)	3.1	(1.9)
Microfilm Repro	Sept	4,020	(3,010)	13.8	(10.2)	3.4	(2.2)
Ossory Estates	June	3,770	(1,720)	-	(-)	0.5	(0.1)
Photo-Me Int'l	April	11,290	(9,497)	19.7	(16.7)	3.0	(1.6)
Prestwich Hldgs	June	5,580	(5,990)	-	(-)	-	(-)
Prospective Grp	July	4,108	(2,680)	10.6	(7.5)	1.0	(-)
Shandwick	July	8,810	(3,410)	47.6	(29.2)	7.5	(5.5)
TSW	July	3,000	(2,500)	8.4	(7.3)	3.1	(2.7)
Tyzack WA	July	2,710	(540)	13.5	(5.5)	4.5	(2.2)
Welsh Industrial	April	21	(58)	0.9	(3.2)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Albany Inv. Trust	Aug	213	(181)	0.7	(0.6)
Allied Insurance	June	287	(390)	-	(-)
AmBrit	June	388 L	(18)	-	(-)
Austin Reed	Aug	3,030	(2,580)	3.0	(3.0)
Berry,Birch & Noble	July	257	(546)	1.5	(1.5)
BHH Group	June	2,720	(782)	1.2	(-)
Billam J	June	32	(46 L)	1.64	(1.6)
Bilton Percy	June	7,020	(6,310)	5.1	(4.9)
Brown & Jackson	June	703	(327)	0.1	(-)
Chartsearch	June	418	(292)	0.2	(-)
Chieftain Group	Aug‡	783	(358)	-	(-)
Coates Brothers	June	17,000	(10,400)	2.4	(2.1)
Conrad Holdings	June	400	(293)	1.0	(1.0)
Dean & Bowes	June	605	(378)	2.0	(1.5)
Doeflex	June	633	(637)	1.1	(1.1)
Eagle Trust	June	6,400	(1,300)	0.2	(0.1)
Etam	Aug	6,120	(5,550)	-	(-)
Finlay James	June	4,500	(115 L)	2.0	(2.0)
Floyd Energy	June	374 L	(525 L)	-	(-)
Grampian Holdings	June	3,180	(1,640)	1.7	(1.2)
Guidehouse Group	June	752	(521)	0.4	(-)
Harrisons & Crosfield	June	52,000	(35,617)	12.0	(10.0)
Helene	June	1,050	(716)	0.55	(0.5)
Helical Bar	July	5,840	(2,140)	0.8	(0.4)
Hewden Stuart	July	13,500	(8,130)	0.7	(0.6)
Higgs & Hill	June	11,300	(7,770)	4.0	(3.0)
Hobson Publishing	June	130	(128)	2.3	(2.0)
Jacques Vert	July	2,080	(1,640)	-	(-)
Jerome S & Sons	June	1,160	(872)	2.6	(2.0)
Kelsen	June	282	(169)	1.0	(-)
Kleinwort Ben Gilt	Oct●	2,380	(1,720)	-	(-)
Laing Properties	June	11,000	(9,600)	4.5	(4.0)
Lamont Holdings	June	4,760	(4,020)	2.7	(2.0)
Lowe Howard Spink	June	6,690	(4,750)	4.0	(3.4)
Manor National	June	914	(780)	-	(-)
Martin (Albert)	June	912	(636)	1.5	(1.4)
Mrs Fields	June	8,911 L	(4,131)	-	(-)
Musterlin Group	June	25	(268 L)	1.0	(1.0)
Norish	June	1,040	(904)	3.2	(-)
Plastic Construction	June	455	(267)	0.7	(-)
Plumb Holdings	July	1,530	(1,010)	1.7	(1.2)
PML Group	June	853	(843)	-	(-)
Polymark Int'l	June	881	(553)	-	(-)
Quadrant Group	Aug	1,710	(980)	1.2	(1.0)
Rock	June	44 L	(179 L)	-	(-)
Rockfort Group	June	3,210	(1,830)	-	(-)
Scott & Robertson	June	1,430	(710)	1.2	(1.0)
Sears	July	102,300	(93,300)	1.4	(1.3)
Serco	June	1,760	(1,469)	-	(-)
Sherwood	July	3,050	(1,360)	1.6	(1.5)
Sound Diffusion	June	388	(288)	0.1	(-)
Stylo	July	944 L	(1,630 L)	-	(-)
S&U Stores	July	775	(807)	1.2	(1.2)
Thurgar Bardex	June	852	(702)	0.8	(-)
Tootal	June	19,100	(16,601)	1.8	(1.7)
Top Value Industries	June	516	(886)	1.0	(1.0)
Toye & Company	June	315	(258)	-	(-)
Tullow Oil	June	15	(263 L)	-	(-)
United Guarantee	June	162 L	(224)	-	(-)
UTC	June	2,590	(1,150)	4.0	(3.0)
Walker Greenbank	July	6,520	(5,120)	1.0	(0.5)
Ward Group	June	3,060	(1,980)	1.8	(1.5)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ last years figs for 12 mnths this years for 8 mnths.●this years figs for 3 mnths.

FINANCE & THE FAMILY

David Barchard on a building society in turmoil

Abbey rebels fight on

TEMPERS are rising in the battle between the Abbey National Building Society's board and members opposed to its plans to turn the society into a bank. This week's round saw the board delivering a knock-out blow to its opponents. Or did it? If not, the board could have an uncomfortable amount of egg on its face.

The board's show of force came on Wednesday when it informed AMAF, the association of rebel members fighting the society's stock exchange float, that their demand for an extraordinary general meeting to discuss the issue had been turned down.

Sir Campbell Adamson, Abbey National's chairman, says the board's refusal was based strictly and solely on legal considerations after four draft resolutions seeking an EGM were scrutinised by two teams of lawyers and Queen's counsel. All the resolutions – presented by 110 members of the society along with a deposit of £5,250, since returned – were ruled improper grounds for holding the meeting.

Yesterday, AMAF's leaders met Sir Campbell. They were told that although the formalities had been observed, Abbey's lawyers took the view that as none of the resolutions would bind the board legally if approved, the EGM could not be called.

So, Abbey National now sails on towards incorporation after a general meeting to be called by the board in its own good time next year. Or does it? Sir Campbell's coup (as it is being viewed by AMAF) has been followed by protests to the Building Societies Commission, the body which regulates the industry, and the Building Societies' Ombudsman.

Abbey National's board feels it has a watertight legal case and, since the deadline for calling extraordinary meetings under the society's rules this year has now passed, the matter appears to be settled – unless the board's verdict is overturned from above.

AMAF continues to feel that Abbey National is not putting the arguments against incorporation and that debate within the society is being stifled. The debate is crucial to incorporation, which members will have to approve at a general meeting by a majority of 75 per cent, with at least 20 per cent of the society's 6m saying members taking part in the vote.

Alec Leaver, chairman of AMAF, said this week. "We had our (resolutions) studied by a lawyer so it was a surprise to have (them) rejected on legal grounds. If you can't hold a meeting on this subject, what can you hold it on?"

Sir Campbell Adamson, Abbey National's chairman

Outside the society, some eyebrows are being raised at the decision not to allow the EGM. Although it would have been a costly and perhaps time-wasting operation, and taken about £1m to carry out, society members appear to have suffered a substantial reduction in their effective power.

Abbey National says it has received remarkably few letters, either of support or criticism, over incorporation. Perhaps now is the time when members should step forward and let it be known where their views lie. Do they think the board was right to refuse the EGM?

Sir Campbell Adamson can be reached at Abbey House, Baker Street, London NW1 6XL. AMAF's address is 98 Ridgemount Gardens, London WC1E 7AZ.

BES investors strike it lucky

ANYONE STILL wading through the flood of Business Expansion Scheme prospectuses issued last month should persevere. Following the postal strike, their investment decisions need not be made until October 27 in order to carry back some of the investment to the 1987/88 tax year.

As in September, the bulk of new issues offered this month are devoted to residential property under the new assured-tenancy rules. Although it is still too early to judge the popularity of these issues, the experience of sponsors so far appears rather mixed. On balance, prospectus issues - which allow investors to choose where they invest - are finding matters easier than some of the managed funds.

Among the most popular issues is Link-Invest, a scheme based on gearing and multiple tax breaks, which has already raised £10.6m and is set to bring out a second series of companies next week. Johnson Fry's scheme also reports a strong response and is on target to raise £25m by the end of the month.

Also well received was First Roman Property Trust, which had arranged to buy property at a discount. The sponsor, Capital Ventures (0242-584-380), is now opening the Second Roman Property Trust, which again has been set up to exploit the sheltered housing market. It has agreed an option to buy, at a discount, a development in Chester built by Roman Homes, another BES company.

Another company which has earmarked its proposed acquisition is Thorpe Park Assured Properties, which plans to raise up to £2.95m to buy blocks of purpose-built flats in Norwich. It is pinning its appeal on the strength of the local economy, the fast train link to London, and a high demand for rented property resulting from the university and colleges. The issue is sponsored by MacIntyre Hudson (Financial Services) (0234-68761).

The high-speed train link also is cited as a key attraction by East of England Residential Property which will invest in Peterborough and Grantham, now just an hour from King's Cross. The boom in demand from London commuters, together with strong economic growth, has led to a steep rise in property prices over the past two years and that, the company reckons, should create demand for more rented residential property. It is hoping to raise £5m and will remain open until October 21. The sponsor is Allied Provincial Stockbrokers (0733-555-131).

Southern Assured Homes, (0622-79229) likewise claims increasing number of London commuters as its rationale. It proposes to invest in Bromley, Beckenham, Tunbridge Wells and East Grinstead as areas of particularly strong demand. Its offer, which will raise up to £5m, will be open until November 5.

Likewise, South Country Homes plans to invest in properties within commuting distance of London. This issue is being sponsored by Hambros Bank (01-895-9390) and is expected to close on November 15.

Further north, Nomad Properties offers an opportunity to invest in Northumberland and Tyne and Wear. This company will use a registered housing association, set up to provide accomodation for single working people, to manage the properties.

The attraction of the scheme is painted in terms of the rejuvenation of the area, together with strong demand for rental property. The issue is sponsored by Wise Speke (091-261-1266).

By contrast with the majority of schemes, Assured Property Management – which is using Alder King, a subsidiary of Lloyds Bank, as property manager, – has not opted to specialise in any particular area. The company is sponsored by Centreway Development Capital (021-643-3941).

Away from the assured tenancy scene, Capital Ventures is sponsoring the 4th CAVE General Business Expansion Scheme Fund, which will invest in at least four trading companies.

Also on offer are shares in Patrizia Wigan, a children's clothes business. The company designs and manufactures a range of pretty, traditional clothes for under-12s which it sells from shops in Knightsbridge and Fulham, west London. As well as providing working capital, funds from the issue (sponsored by Lawnstone: 01-828-8633) will be used to set up new retail outlets.

As an extra incentive, the company is offering a voucher for £250-worth of clothes for investors who subscribe £5,000 or more. Be warned, though. Taking up this perk could lead to a reduction in BES relief to the value of the voucher.

Vanessa Houlder

Clay Harris reports on Minorco's battle to take over Gold Fields

A time to watch and wait

IT IS A defence document cliché in a take-over battle to advise that "shareholders should take no action." But investors in Consolidated Gold Fields might find that advice worth heeding, at least for now.

The London-based mining finance house is facing a £2.9bn takeover bid by Minorco, the South African-controlled investment company. As the bidder published its offer document this week, its shares-and-cash terms were worth about £12.82, against Gold Fields' market price of £12.58 on Thursday.

Shareholders have missed a good chance to take short-term profits, as the Gold Fields price peaked at £14 on September 21 when the long-awaited bid was announced. Since then, doubts about the chances of success have deflated speculative pressure, but investors still face a number of questions.

■ **Is Minorco's bid high enough to win?**

No, barring a collapse in world stock markets and gold prices. There is little enthusiasm for the Minorco shares which account for a quarter of the bid's value, despite listings in London and New York as well as in Minorco's Luxembourg domicile and Johannesburg spiritual home.

The price is probably not high enough, in any case. With estimates of Gold Fields' net asset value ranging up to £19 – watch for the company's own figures in its defence document – most analysts believe an all-cash offer of at least £15 or £16 will be needed to give Minorco a good shot at success.

■ **Is any rival bidder likely to emerge?**

The odds are against it. With nearly 30 per cent of the shares, Minorco has close to a veto on any rival offers. It might consider a high competing bid if its own quest was blocked but, in that case, Gold Fields would not be looking for a "white knight," anyway.

■ **What if the bid is referred to the Monopolies and Mergers Commission?**

Most analysts think this possibility is reflected adequately in the price. The shares no doubt would dip on news of a referral, but much of the speculative premium would survive. Phillips & Drew, for example, sees the price stabilising at about £12 if the bid is referred.

After this week's Monopolies report requiring the Kuwait Investment Office to reduce its stake in British Petroleum from 21.7 per cent to 9.9 per cent within 12 months, the "foreign policy" of UK competition authorities is in a muddle.

Even if the bid was blocked, however, it would be straining credibility for the commission to object to Minorco's existing 29 per cent stake after allowing it to stand for nearly eight years at, or close to, that level. Gold Fields – or any predator – would still have to reckon with the Minorco stake.

If the bid is cleared to proceed without a referral, or wins the commission's approval, the shares should jump above the present price and the value of Minorco's present terms.

George Bush...Gold Fields will try to put him on the spot

■ **Could anyone else stop the bid?**

Gold Fields and its US subsidiaries and associate companies this week urged President Reagan to use new powers under the Defence Products Act to block the bid on US national security grounds, the first such challenge after recent amendments to the Act.

Reagan has to decide before the election whether to order an investigation. Watch for Gold Fields' efforts to put the two presidential candidates – especially George Bush – on the spot about the prospect of strategic minerals reserves (in particular, the only US supplies of the titanium base material, rutile) coming under South African control.

If the Act is invoked, a report would have to be made public by early January, but it could take years for the issue to wend its way through US courts.

■ **Should I sell shares? Or buy them?**

At times within the next few months, Gold Fields' shares will probably trade both below and above present levels, creating opportunities for the more daring investor to move in and out.

More cautious souls who have ridden the shares up in the past few months probably should have taken profits already, but there is still upward potential. On the other hand, it is probably not the time to jump in now, taking into account the political imponderables.

FINANCE & THE FAMILY

Ian Hamilton Fazey begins a series by FT regional correspondents on the status of local brokers

Grass-roots gain for the small investor

THE MOVE by Henry Cooke Lumsden (HCL) to merge with Edington, the Manchester-based merchant bank, does not mean that the group is forsaking its traditional role as one of the country's leading stockbrokers for private investors.

In an age where share dealing is based increasingly on large-scale institutional business, HCL is going the other way deliberately, nurturing its grass-roots business among the affluent middle classes in the north-west, the south and the south-east.

True, it is diversifying into merchant banking and corporate finance. But it is aiming here at large private companies, small public companies and wealthy individuals – not corporate giants.

In marketing terms, HCL is a niche-player in a very big national niche. The "national" tag is important because it is a mistake to think of the firm as a Manchester stockbroker, even though the Stock Exchange acknowledges it as the biggest outside London.

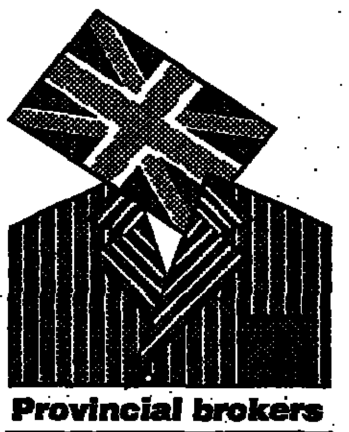
Manchester is where the headquarters are – and where the original Henry Cooke was based – but the main dealing room is in London, founded on Lumsdens, a London broker which Henry Cooke took over in 1972.

This made HCL what David Hunter, its chairman, calls "a very strong regional broker with a big London office." In fact, London employs about a quarter of a total staff of more than 200. The virtues of the arrangement include being able to function as a London broker while having a great deal of overheads in Manchester, where office costs can be as low as 10 per cent of those in the capital.

New technology and the Big Bang have helped, as well. Electronic markets mean that decision-makers and dealers can be located anywhere. The result has been that HCL has enough accounts to give an economy of scale, but a low-enough cost base to look after individuals. Not surprisingly, many of its individual customers are in the south.

They include accounts rejected by big London brokers as too small to be worthwhile – the sort of people who want research and back-up from their broker but who see the emerging networks of small retail stockbrokers as impersonal. "Small" is, of course, quite large these days: HCL's minimum sum for individual portfolio management is £30,000, but many people have that sort of money available.

The "too small to bother with" argument does not apply only to individuals. In the past



Provincial brokers

year, HCL has picked up at least six largish trusts discarded by London brokers as not worth the candle; and it expects to get more, as London costs force ever more institutions further towards the high price-low volume end of the marketing spectrum. It is also now taking on nearly 2,000 clients of Phillips & Drew, which has been told by its Swiss parent, UBS, to get out of retail stockbroking. Most have switched already.

What also makes HCL interesting, however, is the way it does its own corporate planning. David Adams, the managing director, jokes that HCL could hardly go round analysing and criticising public companies for the way they do their planning if it did not try to do things right itself.

The structure of the business illustrates the point. Many regional brokers carried on as partnerships in the midst of a changing regulatory framework and a realignment of the industry associated with the Big Bang. Suddenly, they found themselves vulnerable, under-capitalised, and grateful for shelter under the umbrellas held out to them by expanding financial services giants.

HCL saw the writing on the wall as early as 1972, when it changed from being a partnership to an unlimited company. The joint and several liabilities held by the directors may not have been much different in practice from partnership, but it started to change the corporate culture.

In 1986, HCL became a plc to gain more elbow room for its widening activities. These included setting up Edington with Angus Scrimgeour, each taking a 20 per cent stake in the other. Edington is going after the corporate finance market among emergent companies along the M62 corridor in Greater Manchester and West Yorkshire, where HCL has considerable local knowledge.

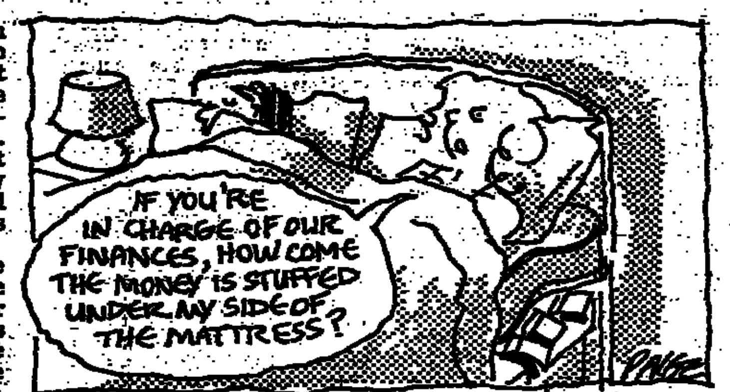
Small investors are going to be catered for through their building societies. HCL has already had a trial run here with the Marsden Society, offering a share-dealing service for its members, and is now finalising a much bigger deal with one of the larger societies.

At the same time, Adams plans a third unit trust under the Arkwright banner. The first two – one for growth and one for income – are based loosely on the companies which HCL follows (it is corporate stockbroker to more than 40 public companies and researches another 200) although the funds invest much more widely. The new one will involve Bessemer, which also will be an important shareholder in the new group, and will concentrate on international companies.

Given all this, can HCL still be regarded as a stockbroker? It is one, of course, but in its new guise it also will be a merchant bank, corporate financier, international unit trust operator and fund manager. Perhaps most important, however, it should be viewed as an entrepreneur in its own right.

Melanie Cable-Alexander on a guide for women

Short-changed again



THERE WAS a time when women were not allowed to have bank accounts, Sir Kit McMahon, chairman of the Midland Bank, rather shamefully confessed recently. Indeed, the bank had its first married female customer only in 1888, after the 1882 Married Woman's Property Act was passed.

However, things have changed dramatically since then. Women now account for half of the bank's customers and in an effort to recognise this Midland has sponsored the publication of a book – *Women and Money*, by Marie Jennings.

The book points out that women are taking greater financial control, both at home and in business – for example, they set up 42 per cent of new small businesses. Women make up 52 per cent of the population and since the introduction of the Equal Pay Act their earnings have shown a sharp increase. At the same time, the higher divorce rate has forced many women into a position of sudden financial responsibility.

Whether they like it or not, says Marie Jennings, women are having to learn the art of money management.

She believes that it is difficult for a woman, caught up in a maze of financial services, to find a good source of sound advice on managing money. Her aim, therefore, is to provide women – whatever their age or situation – with a clear, step-by-step guide to the "how to's" of money management, from organising the household budget, to buying a house, making a will or investing in the stock market.

She says that by spending 20 to 30 hours per year monitoring your finance you can increase your income by 10 per cent. However, you cannot achieve this until you know your money profile.

Establishing your profile means working out your spending type and financial commitments – for instance a young woman in her first job will have different monetary requirements from her mother, who will probably be dwelling on pension intricacies.

Women, the book says, fall into four categories when dealing with money. To illustrate the different categories Jennings uses as examples TV and radio soap opera characters.

■ Are you an Avril Rolfe from Howards Way, capable and interested about financial matters?

■ A Deirdre Barlow from Coronation Street, competent with money but wanting to learn more?

■ Dot Cotton from Eastenders, just about coping but not really wanting to;

■ Or are you a Jennifer Aldridge from the Archers, casual, inefficient and constantly in debt?

Jennings discusses credit, providing cost comparisons between bank and credit cards; she examines women and the law, analysing the implications of the *Financial Services Act*, employment legislation and the Married Woman's Property Rights Act; and she describes the role of "money machines" – banks, building societies and the Post Office – listing the services they provide and the complaint procedures available.

There is a glossary of financial terms and a list of the names and addresses of key organisations effective in business and financial affairs.

All useful information. However, the book is very much aimed at the unsophisticated woman and is written in the patronising, girlish style used in so many popular women's magazines. Not all women are as financially innocent as the book suggests – house-budgeting has been practiced by women for centuries. It is their involvement in the financial markets that is new. Yet the book's examples of budget schemes mostly relate to married women with an income allowance from their husbands – for instance the suggestion that "Fiona" can save £100 of her monthly expenditure by being cost-conscious at the supermarket and cutting back on school trips.

Furthermore, Jennings does not acknowledge the female executive and the "Alexis Caringtons" of this world – people wealthy in their own right who might require more complex advice on saving and investing. The maximum salary women can aim for, according to her view, is £25,000; and in her pursuit of simplicity, Jennings insists on answering such basic queries as "What is money?"

It is also fair to say that as a sponsored book, *Women and Money* leans heavily on the Midland Bank for its financial research and information, and *cannot be viewed as entirely unbiased in its conclusions.*

"The Midland Guide: Women and Money" by Marie Jennings. Penguin, £4.99.

FINANCE & THE FAMILY

Christine Stopp finds that new European funds are now the flavour of the month

Unit trusts look to the 1992 effect

THE UNIT trust industry looks set for a buoyant autumn, at least as far as fund launches are concerned. "Flavour of the month" marketing is back, with European growth trusts being promoted as one of the star attractions for those bold enough to step into the equity markets.

Looked at quite cynically, the marketing men could not resist exploiting the potential investment advantages of 1992 — not after the Government had done the groundwork on their behalf with an expensive advertising campaign to make everyone take notice of this momentous forthcoming event. Three 1992 unit trusts have appeared so far, and there are more to come.

How are 1992 trusts any different from existing European trusts? One distinguishing feature might be the range of countries in which the fund invests. Europe, to the British investor, has usually meant "them, not us." Few dreamed hitherto of including the UK market in a European fund portfolio.

The 1992 trusts make Europeans of us all. In fact, some of them may have a substantial UK content, on the grounds that the UK will be a major beneficiary of the harmonisation of markets. Although "1992" might indicate a concentration on the Community countries, the definition of Continental Europe also varies, with Scandinavian countries and Switzerland being included in some funds. There is likely to be the same confusion arising in the European sector as already exists among Far East trusts, where you never know exactly which countries and markets they are investing in.

Of the three trusts launched to date, Abbey 1992 Enterprise Trust includes the UK along with the rest of the EC, plus Switzerland. Fund manager Trevor Forbes says there will be an initial investment of up to 25 per cent in the UK.

By contrast, Tyndall 1992 Eurogrowth invests in EC countries plus Norway, Sweden and Switzerland in its initial suggested portfolio, and only 10 per cent in the UK.

Fidelity 1992 European Opportunities also includes non-EC countries as well as Britain. It has, however, not yet agreed a theoretical starting percentage share in the UK market.

Three main planks to the European investment argument are emerging from the 1992 trust marketing gambits. First, it is claimed that Europe as an economic bloc has lagged behind the rest of the world. Equity markets in several European countries are also underdeveloped, and the potential growth rate — if they take off — could be enormous.

The second Euro-argument is based on the general beneficial effects arising from the actual harmonisation procedure. Prime Minister Thatcher's recent aggressive stance must have elicited a groan from those marketing Eurotrusts, but they hasten to point out that a third of the required legislation is already in place. The harmonisation machinery will eventually remove different rates of VAT and excise duty, abolish customs formalities and bring unity to the present plethora of different rules on labelling, safety standards and technical requirements.

Tyndall estimates that the cost of such barriers now represents about 10 per cent of turnover in the financial services and air transport industries, and as much as 20 per cent in telecommunications.

A third line of reasoning is the bid situations approach. Investors will be only too aware of the bid activity inspired by the approaching harmonisation. The 1992 trusts will build their investment strategy, at least in part, on looking for special situations in this category.

Abbey and Fidelity both have existing European trusts. In each case, their new 1992 funds include investment in the UK market. Aside from all the 1992 arguments, this provides some protection against poor performance in Continental European markets, and could make the trusts less risky than their counterparts investing exclusively across the Channel.

Fidelity's Mary Blair says that the new trust is for believers in the 1992 effect, and the existing trust for those "who just think Spain or Germany are undervalued."

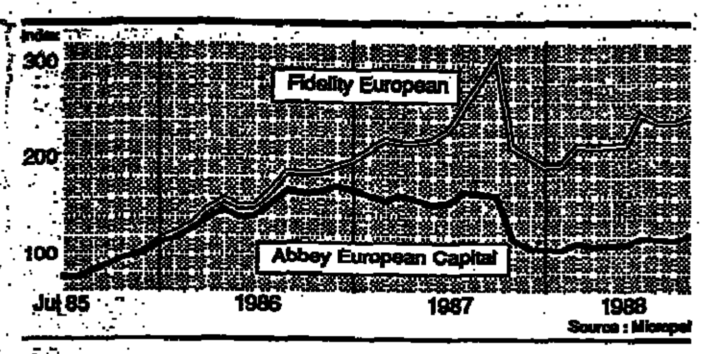
Is this really the most timely moment to put money on the impending Euroboom; or are the marketing men getting ahead of themselves? Jonathan Bradley, Tyndall managing director, takes a fairly cautious view: "Markets everywhere will find it hard to make headway for a few months, but Europe offers good value at the moment. There are some inexpensive shares about."

Bradley cites the growing international interest in Europe as a reason to get in on the ground floor. He claims that Europe is under-represented in international institutional portfolios, and European countries have domestic reasons for turning more to their own stock markets.

In Germany, says Abbey's Trevor Forbes, 100 workers at present pay for 60 pensioners. In 15 years' time, the figures will be reversed and funded pension schemes will be a necessity, with an implied dramatic increase in demand for shares.

There are undoubtedly attractive reasons for investing in Europe long term, although even the 1992 Euromanagers agree there are many hurdles to overcome before harmonisation is effective. If the financial services sector is anything to go by, EC member states unwilling to allow an inflow of foreign competition will be looking at ways of making life difficult for newcomers.

Those not at present involved in a Eurolaunch see it all as a marketing gimmick. Christopher Fawcett, managing director of European specialist manager Dumenil, sums it up: "If the 1992 tag is just a professional way of describing a European trust, it is good marketing and nothing else. If the object is a special situations fund based on 1992 or takeover prospects, it would be better served by a closed-end fund."



Watchdog steps down

JAMES HASWELL, Britain's first insurance ombudsman, is to retire in January and will be replaced by Dr Julian Farrand, at present a Law Commissioner. The changeover, announced this week, marks the end of an era in the industry.

The establishment of the Insurance Ombudsman Bureau seven years ago represented an act of faith by three major insurance groups — General Accident, Guardian Royal Exchange and Royal Insurance — after attempts failed to establish an industry-based complaints and arbitration system. Now, more than 250 insurance operations are members, prepared to accept the ombudsman's judgment, and the bureau has become the accepted channel for complaints by the public.

The widespread acceptance by the industry of an outside arbitrator was due largely to the efforts of Haswell, who managed to tread a delicate line between conflicting interests.

Initially, the bureau was regarded with suspicion. Because it is funded by insurance companies, consumers thought the ombudsman could be their "stooge." Companies which were not members claimed that the service was not needed because the number of complaints they received were few and were handled internally. They also feared that since the ombudsman's decisions are binding on members, he would court popularity by deciding against the companies.

Dr Julian Farrand: taking over as insurance ombudsman

In the event, Haswell has appeared to be completely impartial in his decisions. His annual reports have combined criticism of companies, mainly over poor communications with policy-holders. However, consumers also have been chided, particularly for not understanding their insurance contracts or for trying to pressurise companies to pay out on dubious claims.

As a result, the operation of the Insurance Ombudsman Bureau has become the blueprint from which other ombudsman organisations have been designed.

Farrand takes over an established organisation that is well-run and recognised at least by the consumer bodies and the Office of Fair Trading. However, he does face some important tasks. For one thing, the number of cases on which the ombudsman has to rule is growing rapidly, putting a heavy workload on the bureau and its chief executive. Second, the life assurance side of the bureau has to be integrated with the complaints framework of the new financial services regulations.

Farrand is determined to be his own man while still maintaining the chairman's independent role. He is no stranger to arbitration. Apart from being a Law Commissioner, he is a chairman on both the London and Greater Manchester rent assessment panels and vice-president of the latter.

As chairman of the Government's conveyancing committee during 1984-85, he was responsible for two reports, the first of which led directly to the establishment of the Council for Licenced Conveyancers. He also is chairman of the Social Security Appeal Tribunals.

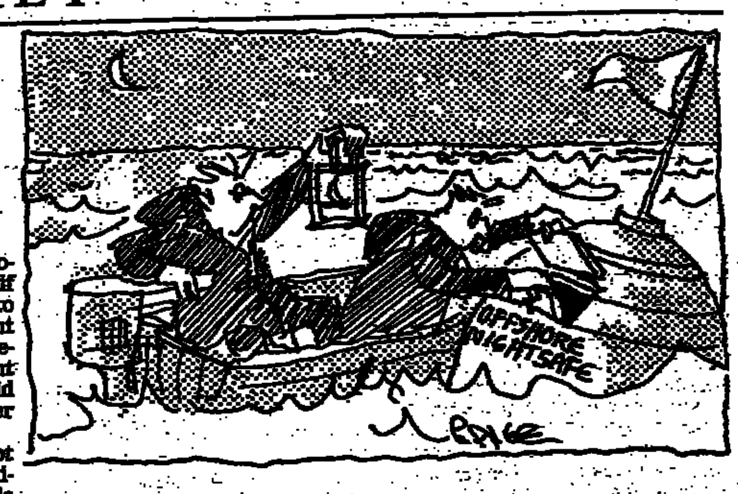
With this record, handling insurance complaints should be relative child's play for the new ombudsman.

Eric Short

FINANCE & THE FAMILY

The right type of investment is all-important, says **Donald Elkin**

Why it pays to be choosy



AN UNUSUALLY high level of expatriates' resources are held in cash just now and, with interest rates high, the returns available are attractive. However, constant monitoring of the options is necessary to achieve the best rates consistently; and investors should remember that getting the right *type* of investment for their particular requirements could be even more important.

Clearly, you should not deposit funds for a fixed term of six months if, for example, you want to be in a position to take up any buying opportunities in the equity market. Nor should overseas deposits extend beyond the date of your return to the UK if tax liability on the interest is to be avoided. Early closure of such accounts usually involves a penalty.

Depositing your funds with UK banks or building societies might not be the best course, either. Completion of a declaration of non-ordinary residence will enable interest to be paid without deduction at source, but it remains taxable in the UK in the broken years of your departure and return. So does interest on National Savings investment accounts and income and deposit bonds. All present continuing tax disadvantages for non-resident Crown servants and pensioners whose tax allowances are granted on a "world income basis."

These problems can be avoided by investing offshore. *Such a course need not mean* penetrating unfamiliar territory, for your bank probably has a branch in the Channel Islands or the Isle of Man. Instant access, term accounts and deposits generating a monthly income almost certainly will be available.

EXPATRIATES

One popular innovation is the high interest cheque account, which combines money market rates of interest with instant access to your funds. Cheques written on the account are subject to a minimum — normally about £250 — but the arrangement is useful for meeting substantial bills.

Not all expatriates wish to make their deposits in sterling. Most offshore banks will accept deposits in a limited range of currencies, but are *unlikely to be able to match* the choice now available from the many offshore currency funds. These combine *low* charges (typically 0.75 per cent per annum) with money market rates of interest and the ability to switch currencies by making a telephone call.

Currency decisions are notoriously difficult to make so, if you have £100,000 or more to invest in this way, you might decide to make use of a discretionary currency management service (for which you should expect to pay about 0.5 per cent per annum).

These arrangements are not to be confused with the unitised managed currency funds available from most offshore fund managers. These might be subject to typical unit trust charges and are appropriate only for longer-term investment.

If you are willing to tie up your funds for a relatively long period — say, three to five years — you could secure the present high rates of interest for the whole of that time by means of offshore guaranteed income or growth bonds. These are fixed-term, fixed-return life policies which guarantee a stated annual income plus return of your original investment at the end of the term, or payment then of a guaranteed *amount.*

For those who would like equity exposure but do not feel sufficiently confident to take the risk of a direct foray into the market, an interesting hybrid arrangement became available recently. This combines an equity fund with a growth bond structured to return your original investment at the expiry of five years — the whole being based offshore. You take part in any growth of the equity while being certain that not less than your original investment will be returned to you at the end of the period.

Donald Elkin is a director of Wilfred T. Fry Ltd of Worthing, West Sussex.

Bridge

BOTH MY example hands today come from duplicate pairs of high standard. Here is the first:

N
♠ Q 9 4
♥ 10 5 4 3
♦ A Q
♣ K Q 9 3

W
♠ A 8 6 5
♥ A J 9
♦ K 10 5 2
♣ 7 4

E
♠ 7 3 2
♥ Q 8 2
♦ 9 8 4 3
♣ J 6 5

S
♠ K J 10
♥ K 7 6
♦ J 7 6
♣ A 10 8 2

With North-South vulnerable, East dealt and passed. South opened with one club; North replied with one heart and raised the opener's rebid of one no-trump to three. West opened with the diamond two.

South played dummy's queen, which held, and returned a spade to king and ace. West *continued* with *the* five of diamonds to remove the ace, and the declarer ran off four club winners, West discarding nine of hearts and five of spades.

South now cashed queen and knave of spades and cut adrift with the knave of diamonds. West made king and 10 but, after cashing his ace of hearts, he was forced to give the last trick to South's nd the contract was fulfilled.

Played nicely by South — it was not a difficult hand — but East missed the chance of saving his side. On the first two rounds of diamonds, he had shown four cards in the suit by petering with the four and three.

However, he ought to have played the nine on the first round to show that he held the eight. This allows West to remove dummy's ace by playing his 10, not the five. Then, after cashing his king, he lets East obtain the lead with his eight and return a heart, which defeats the contract.

The second hand was more difficult:

N
♠ 5
♥ A K J 2
♦ A K Q 8 2
♣ A 5 3

W
♠ K Q J 9 8 7
♥ 10 7 3
♦ 3
♣ 8 7 2

E
♠ A 10 6 4
♥ Q 6 4
♦ J 9 7 6 5
♣ 4

S
♠ 3 2
♥ 9 8 5
♦ 10 4
♣ K Q J 10 9 6

With North-South vulnerable, West dealt and opened with a weak two spades. North doubled and East tried to muddy the waters by jumping to four spades. South bid five clubs and North, shutting his eyes, said six clubs. That concluded the auction.

If a spade is led, the slam is cold because South can ruff a spade in dummy for his 12th trick. West, however, started with the three of diamonds, an *obvious singleton;* and, as West held three trumps, this put paid to the ruff.

Taking with dummy's queen, the declarer cashed ace and *king of clubs and found West* with a third trump. He ran off four more clubs, dummy parting with a spade, a heart, and a diamond. On the fourth round West threw his king of spades, *which* let his partner discard all his spades. On the last club, East threw a diamond.

The declarer crossed to the *diamond king,* cashed the ace and threw in East with the eight. This forced a heart return into dummy's tenace, and the slam was delivered. East should have thrown his four of hearts, keeping four diamonds. This at least gives South a nasty guess.

E. P. C. Cotter

Chess

MIKHAIL TAL, the world champion in 1960-61, had in his peak years a charisma and personal magnetism allied to a flair for sacrificial attacks. Although Tal now is 51 and his creativity is a little diminished, he remains a great favourite with the chess public all over *the world.*

In the period of glasnost, when it has become notably easier for Soviet grandmasters to visit the West, Tal has won the world blitz championship in Canada and made a successful tour of the US. Last month, he was in Scotland for a new event, the Glenrothes international, played at five minutes a *player per game.*

Tal upheld his reputation for speed chess, winning the tournament with an impressive 19½/22 ahead of Spassky 18, Suba 16, Martin 14, and eight Scots. First prize was £3,000.

This week's game features a little-known Tal sacrificial attack where, at one stage, three of his pieces are simultaneously *en prise.* It looks a form of chessboard roulette, but the variations and final moves show that the grandmaster has everything under control.

White: M. Tal.
Black: F. Mascarinas.
Centre Counter (Lvov 1981).

1 P-K4, P-Q4; 2 PxP, QxP.

A rare defence at top level, and with reason: the black queen is often chased around for several moves while White can develop rapidly.

3 N-QB3, Q-QR4; 4 P-Q4, P-QB3; 5 N-B3, N-B3; 6 B-Q2, Q-B2; 7 B-QB4, P-K3 (B-N5 is more active); 8 Q-K2, B-K2; 9 P-KN4!?

Objectively, White could keep a good position without risk by 9 O-O-O and 10 K-N1, but Tal dangles a gambit pawn for several moves. If Black takes, White has an extra open file for attack.

9 ... QN-Q2; 10 O-O-O, P-QN4; 11 B-Q3, P-N5; 12 N-K4, N-Q4; 13 K-N1, P-QR4; 14 P-N5, Q-N3; 15 P-KR4, P-QB4; 16 PxP, *NxP; 17 B-N5 ch, B-Q2;* 18 BxB ch, NxB; 19 P-R5, O-O; 20 P-N6, P-R3; 21 RxRP!

The Tal combinations begin. Two principal variations he had to calculate are 21 ... PxB; 22 Q-Q2, N-B6 ch; 23 K-R1, NxN; 24 QxRP, N(2)-B3; 25 PxP ch forcing mate and 21 ... N-B6 ch; 22 NxN, PxN; 23 P-N3, PxB; 24 RxN, Q-B4; 25 N-K5, Q-R6; 26 N-B4 stopping Black's attempted counter-mate.

21 ... P-B4; 22 RxN!

Now, White has three pieces *en prise.*

22 ... PxR; 23 N-N3, QR-K1; 24 Q-Q2, N-B4.

If N-B3; 25 BxP! KxB; 26 NxP ch and 27 Q-R6 wins.

25 B-B4, N-K3; 26 P-R6, R-B3; 27 PxP, NxP.

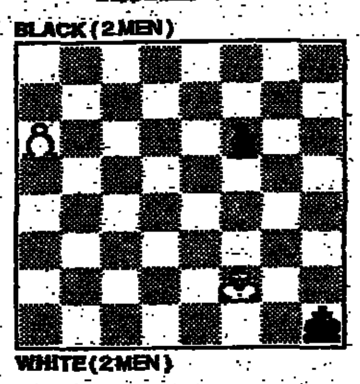
Black seems still to be in the game, but now comes the elegant finish which Tal must have planned several moves earlier.

28 B-B7! QxB; 29 R-R8 ch! Resigns.

The end would be KxR; 30 Q-R6 ch, K-N1; 31 Q-R7 ch, K-B1; 32 Q-R8 mate.

PROBLEM No. 743

BLACK (2 MEN)



WHITE (2 MEN)

White mates in five moves at most against any defence (by E. Pogodjanz, *1970). This is as* mini a miniature as can be achieved in a chess problem. With just king and pawn on each side, effectively there is only one line of play — but the solution still contains a hidden trap.

Solution Page XVII

Leonard Barden

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of STAVELEY INDUSTRIES plc

– and –

IN THE MATTER of THE COMPANIES ACT 1985

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of CARCLO ENGINEERING GROUP PLC

– and –

IN THE MATTER of THE COMPANIES ACT 1985

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of DAVY CORPORATION plc

– and –

IN THE MATTER of THE COMPANIES ACT 1985

FINANCE & THE FAMILY

Not safe as houses

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I own a property which is an end-terrace of a block of three, all of which have subsided substantially in unison. When I bought the property, I intended to underpin and stabilise my property regardless of the other two. However, the local council (as well as my own structural engineer) has told me that, if I did this, I could be liable for any damage caused to my neighbour's house as it continued to subside and pull away from mine.

Obviously, all three parties should embark on a joint scheme of renovation, but my neighbour in the middle house cannot afford this; instead, she will (assuming we can agree on price) sell me her property so I can undertake the work myself.

The council owns the other end property but it will not undertake the work because its tenant has exercised his right to buy. However, he has indicated that he would neither participate in a proper scheme nor, on completion, be willing to resell his house to me (even though the council has indicated it would be willing to permit such a sale, waiving the usual three-year rule).

Do I have any legal remedy that would compel either the council or the new owner (if and when completed) to undertake repairs?

You might be able to persuade the council's surveyor to serve a dangerous structure notice on the owners of the houses (including the council's housing department as owner of the third house). The purchasing tenant would then have no option but to permit the work to be done, the council itself having the obligation to effect structural repairs under a "right to buy" sale.

A case of trespass

I live in a street of detached houses. My new next-door neighbour put in a planning application for an extension to his house. Despite my strong objections to a number of points about the proposed building, the most important being the proximity of the extension to our common-agreed boundary line, the application was passed.

Although I engaged a solicitor, who has tried vigorously to stop the building taking place (or, alternatively, has sought modifications to it), my neighbour has erected (with the support of the planning office) a building with an outer wall coming over the boundary, although only by inches. This I could have accepted, but to this wall he has added appendages which are 2ft over the boundary (i.e. eaves and guttering). He has also laid a concrete base, 2ft wide by 2ft long, directly on my land.

I have been told that a law protects me from this sort of treatment. If so, could you identify this law.

The grant of planning permission does not authorise the applicant to override private rights. By crossing your boundary line, your neighbour is trespassing on your land and you can require him to remove the offending material (i.e. rebuild his extension on his side of the line). If you wish to do this, you must act promptly to seek an injunction in the county court.

Helping hand

My wife and I would, jointly, like to help a grand-daughter and her fiancé buy a small house. They have a low income and cannot afford a suitable home. Apart from making the exempt gift in anticipation of marriage, we could help by making an interest-free loan for a period of up to three years (or buy a house and let them live in it rent-free — but this would leave any capital gain with us).

How soon before marriage may the exempt gift be made? If we make an interest-free loan, will we be taxed on the national interest? Would a formal mortgage deed be necessary or a memoradum of deposit, or could this be treated as a simple loan with the deeds of the house being held by us as security?

The gift on marriage must be conditional on the marriage taking place. No time limit is prescribed so it would be unwise to make the gift more than, say, a month before the appointed wedding day. An interest-free loan would be unwise as this would be treated as a gift for inheritance tax purposes. The mortgage should be by deed. Presumably, you and your wife each will make payments so as to use each individual's exemptions. The annual exemption can enable each of you to give £3,000 every year, possibly £6,000 in the first year. Thus, with the marriage gift, you might be able to give 2 x £11,000 in the first year.

No tax on this gift

My 66-year-old wife proposes to give my son £20,000 to help him move on from his starter home. Can she do this or would either party become liable for taxation?

Your wife can make the gift without either party being liable to tax. Each of you can give up to £110,000 without attracting inheritance tax. If you want to preserve as much as possible of that tax-free band to cover later gifts and the passing of property on your death, the more tax-efficient course would be for your wife to give you £10,000 and then for each of you to use the £3,000 annual exemption which will not eat into the £110,000 nil rate bank at all.

Moreover, if you have not used the £3,000 exemption last financial year, you can add that on as well. Hence, each of you can give £6,000 by using the annual exemption (this year and last year's) and then each can give a further £4,000, leaving £106,000 unused of each of your nil-rate bands. If you survive the date of the gift of the last £4,000 by seven years, the full amount of the nil-rate band, up to whatever limit is then current, will again be available.

Blocked by neighbour

For the past 30 years, I have owned a house in the country. By the original conveyance, I was granted a right of way over my neighbour's land. Every five years, I drive over this right of way. Recently, I noticed that the present owner of the land has planted some ornamental bushes across the right of way. On inquiring, he said he had bought the land five years ago without any notice of my right of way. Am I deemed to have lost it?

No, you will not be deemed to have lost your right of way; nor will you have lost it, in fact, if it is a legal easement (as it seems to be). You will, however, lose it unless you act promptly to preserve it, if necessary applying to the court for an injunction to keep it unobstructed. The fact (if it is indeed the case) that the present servient owner bought without notice will not operate to extinguish the legal easement.

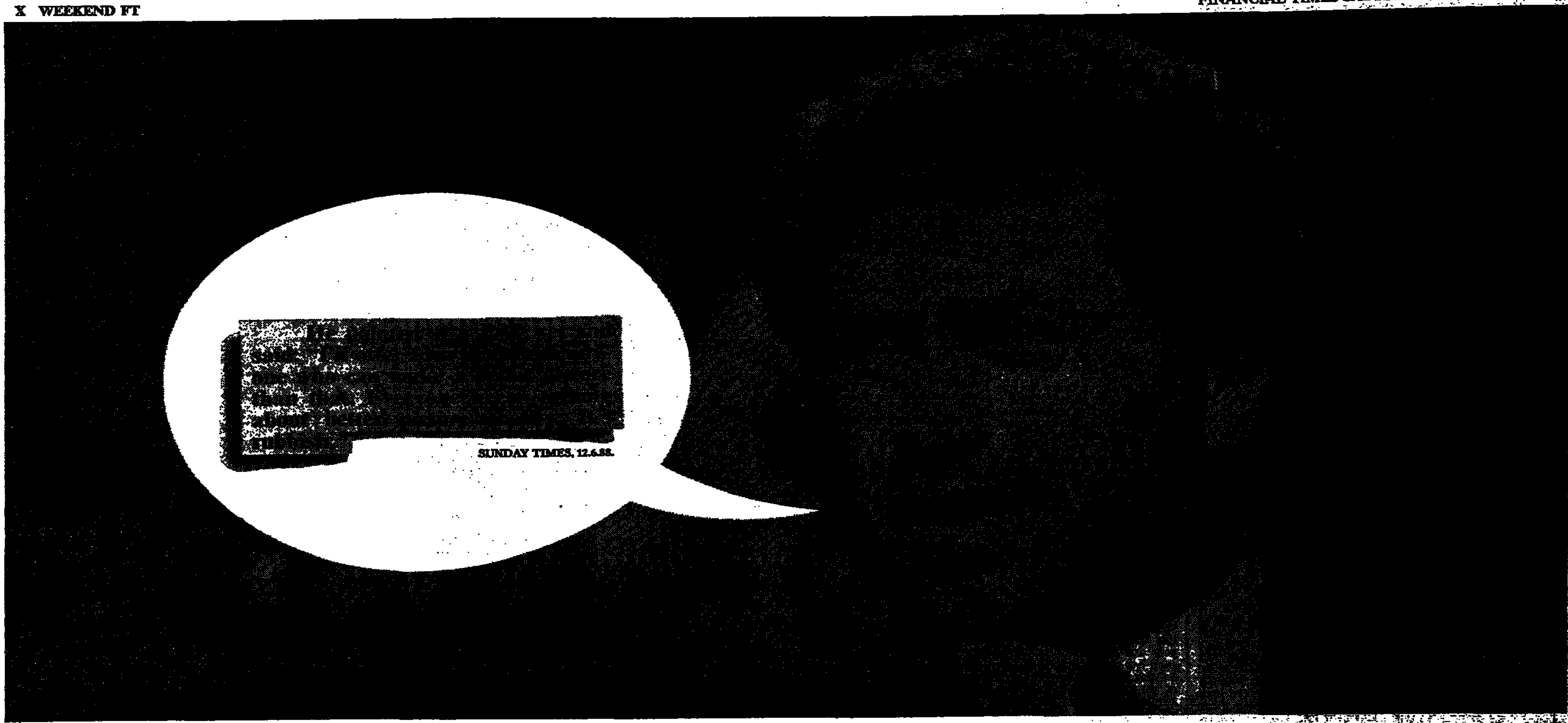
Too much traffic

I live in one of three adjacent private roads that take traffic to and from the beach directly from the only coast road. These roads are breaking up and becoming dangerous to pedestrians as there are no footpaths. The cost to householders of re-surfacing would be prohibitive but something must be done to take away much of the traffic responsible for the damage.

I understand that all residents' deeds state that they own up to the middle of the road, including approximately 10 ft of grass verge. These roads are covered by either a single or double yellow line. There are no surface water drains, kerbs, footpaths or street lights.

Can the residents of these three roads prevent traffic, other than that of residents and services, from using them?

Provided it is clear that the owners of the houses which front onto the roads do in fact (between them) own the roads, they can indeed prevent others from using them. However, this could be difficult to achieve in practice unless you can construct a gate or bar across the roads with provision for only authorised persons to unlock it. Alternatively, you could press the council to adopt the roads but, at a time of financial stringency, this might be difficult to achieve.



Dear Alan, Looks like your PAL just cost you a million.

As you may know, PAL is the existing television transmission system in Britain.

As you may deduce from Mr Sugar's pronouncement, PAL has been adopted by Rupert Murdoch's Sky Television for its direct satellite broadcasts scheduled to start early next year.

When it was invented in the sixties, PAL unquestionably offered the best picture quality of any television system in the world.

But twenty years is an awfully long time in this field. A fact brought home to us the first time we saw the D-MAC system which, incidentally, was developed here in Britain.

In a side-by-side comparison, the superiority of the picture quality of D-MAC is demonstrable.

That's not just our view, but that of the Independent Broadcasting Authority and 95% of the people who, at our invitation, recently sat through the first live D-MAC satellite transmission.

Historic moment though it was, this first live transmission was watched on perfectly ordinary television sets fitted, as many of the sets now on sale are, with a Euroconnector.

(Indeed, a television set not fitted with a Euroconnector, but connected to the set-top box required to receive all satellite transmissions, can receive D-MAC transmissions. But, sadly, the picture will only be to the existing PAL standard.)

D-MAC doesn't just offer the possibility of superior picture quality from next September, either. From day one, it also offers digital stereo sound, parental control and over-the-air messaging. And, in the not too distant future, wide-screen, cinema-quality pictures.

We rest our case and trust Mr Sugar will put his money where his mouth is.

To be specific, we'd like Mr Sugar to send the aforementioned £1m cash to the charity of his choice. And advise us of same.

Interested? Call us free on 0800 900 900.

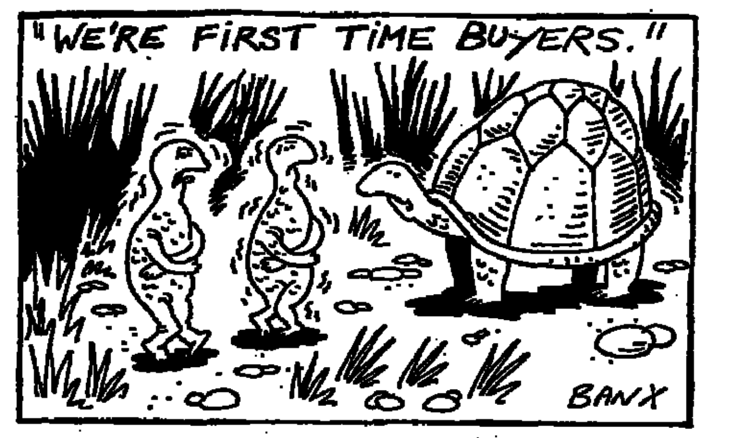
WE'RE NOT KEEPING YOU WAITING FOR NOTHING.

ROCKET LAUNCH 10 AUGUST 1989. PROGRAMMES START SEPTEMBER.

Houses
& GARDENING

Into the year of the tortoise

***John Brennan** explores the bear facts about the "collapse" of the property market*



FOR PEOPLE who need to keep an eye on the cost of mortgages, the rate rises in the past few months have been depressing. Along with this, the conjunction of higher-priced mortgages and over-priced property has sparked its usual array of theatrical responses from the bear-spotters. Their dramatic comments in recent weeks have suggested the housing market is ready to collapse. So, are we in a post-boom phase of housing in which the bear market is crushing over-borrowed home-owners?

No, we are not. And since the UK housing market really does need to have a quite different animal to represent its present nature, a tortoise fits the bill far better than a bear. What we have now is the beginning of a classical tortoise-market. Existing home-owners are pulling back into their shells while those who are out and about are moving cautiously.

In the summer this column reported a broad consensus of agents and building society specialists who believed that price rises in the residential market in the UK as a whole had peaked. At the time, that seemed to call for another new analogy in the form of the "doughnut effect." Briefly, this view meant that London prices were at or near their maximum level (given the price-to-earnings and loan repayment cost levels); away from this hollow centre, provincial prices still had some catching-up to do. Beyond that, the simple pressures of supply and demand suggested that we would be moving onto a price plateau for a time, rather than looking down into a bear pit.

Chancellor Nigel Lawson's wrestling match with the inflation rate and the trade balances might have forced up interest rates faster and higher than most people would have forecast at that time. Otherwise, precious little seems to have changed.

A tortoise market hits sales volume rather than prices because people who do not need to move simply stay put. This is bad news for the estate agents, who cannot ask their prospective buyers and sellers to form queues any more. It also means a fair share of sales particulars with asking prices reduced from the "wouldn't it be nice if someone was rash enough to pay that" level to something nearer yesterday's comparable sale price for an area, as well as the occasional distress sale.

The new flats market in London is one area where these tortoise-like signs could be misinterpreted as evidence that gangs of wild bears are about to roam the streets. There are, after all, a large number of new developments hitting the sales market just as the buyers have stopped queueing. However, Ruaraidh Adams-Cairns of Savills repeats (and amplifies) the point that even the seemingly hyperactive level of residential development in the capital in recent years does not have more than a marginal impact on the housing stock as a whole.

Savills calculates that, over the next seven years, some 10,000 new homes, mainly flats, will be marketed in the major schemes either started or planned on sites in central London. Taking a liberal view of the number of additional homes created in smaller schemes, London could have, say, 20,000 extra modern properties available to be sold between now and 1995 on top of the further 20,000 new homes expected to be completed in Docklands by that time. That is a grand total of 40,000 properties.

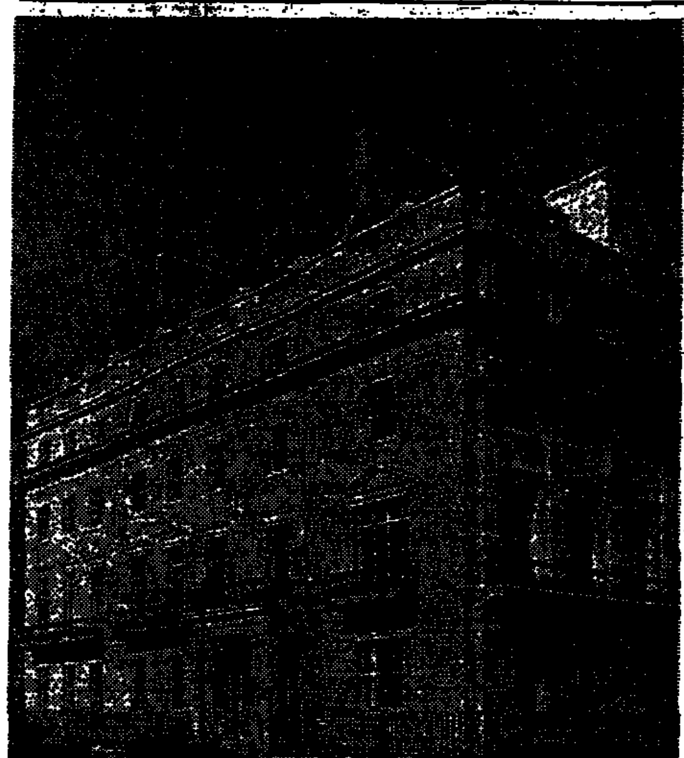
Because these mainly are central area properties, and as they also are mainly at the mid-to-upper end of the price range because of their high site and construction costs, they might be taken to represent a dangerous over-supply of properties. However, that does not take into account the other, demand side of the equation.

As Adams-Cairns notes, the combined pressures of a slowly-rising population and a fast-rising number of individual households, plus the predicted continuing switch from rented to owner-occupied properties, suggests there is "an additional requirement of 480,000 homes" in the private sector in London between now and 1997.

Strip from that figure the number of properties that are simply switched from rentals to the owner-occupied; allow some reduction in the future pace of increase in the rate of direct ownership as more affordable rental property is made available through BES-driven schemes and co-partnership developments — and that demand-to-supply ratio of more than 10:1 is reduced substantially.

Even so, there is still no realistic risk of an over-supply of homes, even in this most active of development markets. These figures give no clue as to people's ability to raise the money to buy a home and, therefore, they give no direct guide to prospective prices. But, they do suggest a continuing rarity value.

That would not mean much in any less-essential commodity market. After all, rarity value does not prevent the precious metals markets from recording sensational price peaks and troughs as investment fashions change. In that sense, though, housing is different. When applied to people's homes, rarity value keeps the bears at bay.



No. 2 Hyde Park Street where resale prices equating to £400 a sq ft are being sought

Developers with designs

A good show flat must now reach the standard once reserved for the major house reconstructions of Belgravia and Knightsbridge, says John Brennan

WHAT would you do if your interior decorator made a hash of it? When it happened in one of the flats being sold for Tony Clegg's Mountleigh Group at 2 Hyde Park Street in London, the answer was to leave the tears to the designer and send the offending fitments and drapes in a skip-ward direction.

Design failure is, probably, an unduly harsh description of the abortive show flat that occupies the penthouse on the fourth and fifth floors in this rebuilt apartment block. Alastair Graham, of sole agent Aylesford & Co., explains that the Mountleigh team took one look at the completed work and agreed it was not the image to make comfortable anyone being asked to pay £1.25m for a 3,067 sq ft flat looking out across Hyde Park. After the clear-out, the price was cut to £1.1m.

There are other show flats in London that would benefit from such treatment although, with interior designers holding the key to sales, Mountleigh's draconian reaction is unusual, if not unique.

Residential developers used to call in the designers to make their more awkwardly-shaped flats saleable. They would spend a few pounds on curtains and wall coverings, allow the interior décor antiques showrooms to display their wares around the walls, and have the dried flower-droppings brushed up every few days. But, that was yesterday's market.

Now, a good show flat has to reach the standard once reserved for the major house reconstructions of Belgravia and Knightsbridge. If it does not, the property risks getting entangled with the competing mass of builder-finish flats that were started when developers could name their price. That was in the runaway bull market of 1985-87.

"It is certainly a quieter market that it was," says Graham. But, he confirms that properties are still selling at the full price when presented properly, although he stresses: "That costs money — as much as £30 a sq ft for the interior decoration alone in the Hyde Park show flats — and it calls for a degree of patience that tests the developers' cash flows.

"The bigger developers are fine," Graham adds. "What you don't see any more are the housewife developers. There were an enormous number of those, and a few who got over-ambitious have been caught with properties that are slow to sell."

Mountleigh has no such cash flow problems and in the vast, colonnaded block on the junction of Hyde Park Street and Bayswater Road, it acted as a forward buyer of all 10 flats. It purchased the 99-year Church Commission leases from the development group, Rosehaugh, before the reconstruction work was started. Rosehaugh completed the flats to a basic carpets-and-bare-walls stage and handed the building on to Mountleigh in the summer.

Mountleigh is looking for resale prices equating to £400 a sq ft, and that will test new ground for space north of Hyde Park. It accepted Aylesford's advice to spend the extra £100,000-plus on each flat to show prospective buyers what could be done with what are, by any standards, ambassadorial-sized homes.

Apart from the penthouse misunderstanding, letting the designers have their way proved to be a strikingly good move — and nowhere more so than in the 3,153 sq ft first-floor apartment which has the room heights and the sense of space needed to pull off what could easily have been an over-the-top interior design.

Instead of the usual mix of furnishings and colours that echo the interior of some idealised English country house, the designer has had a shot at conjuring up the image of an entire baronial castle. There are few London flats where mock stone-painted walls wouldn't look like a misfired joke. Here, the George Smith design group has turned a series of big rooms into a London home that lives right up to its £1.25m asking price, a process helped by hanging £250,000-worth of paintings on the walls.

The paintings (and, what is almost as rare, the parking space available with the flat) are not included in the price. Escaping from the yellow lines adds £25,000 to that. Graham says: "Parking's so precious around here that I'd be able to sell the spaces on their own in a day."

The bright yellow used on walls in another show flat in the block caused a few worried frowns. "The designer kept shooing us away, saying that you couldn't judge without seeing the whole effect," says Graham. Blakeney Douglas Design's improbable colour scheme in another flat helps turn the 3,067 sq ft of space into an apartment where the sales staff need not look embarrassed unduly when they mention the £895,000 asking price.

It would have been eccentric to try decorating the biggest offering in the block; a 4,412 sq ft, six-bedroom, first-floor apartment. The space alone — which includes a 32.5-ft stretch of park-facing rooms with room heights approaching 20 ft — explains the asking price of £1.75m. There is no way of telling whether Aylesford (01-351-2383) will achieve Mountleigh's target of £400 a sq ft.

COUNTRY PROPERTY

Knight Frank & Rutley

UK Offices
Ascot, Beaconsfield, Chipping Norton, Cirencester, Edinburgh, Glasgow, Guildford, Hereford, Hungerford, Leeds, Oxford, Sheffield, Sherborne, Shrewsbury, Stratford-upon-Avon, Tunbridge Wells.

Overseas Offices
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4 reception rooms, 7 bedrooms, 3 bathrooms. Garaging. Stables and outbuildings. Walled garden. All weather tennis court. Extensive grounds. Paddocks.

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Oban 18 miles. Glasgow 75 miles.

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Hampshire
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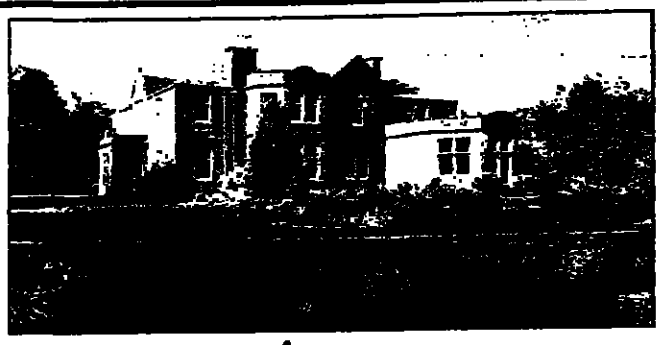

Angus
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An outstanding house in the Vale of Strathmore with attractive gardens and grounds

4 reception rooms, 2 bedrooms with en-suite bathrooms, 5 further bedrooms and bathroom. 3 bedroomed cottage. Oil-fired central heating. Outbuildings and 2 garages. Paddocks and stabling for 8 horses. Magnificent flower garden and woodland walks with burn flowing through.

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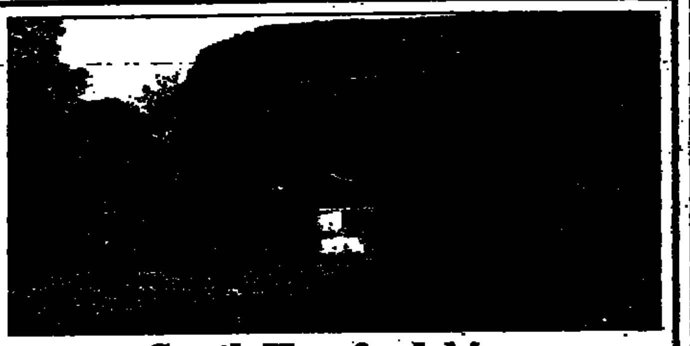

South Herefordshire
Marstow. Ross-on-Wye 5 miles. Monmouth 5 miles. M50 motorway 6 miles.

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3 storey watermill in need of renovation and modernisation. 2 storey barn suitable for conversion subject to planning permission.
1 mile of excellent trout fishing on the River Garren. System of fish ladders and pools. Garden and islands.

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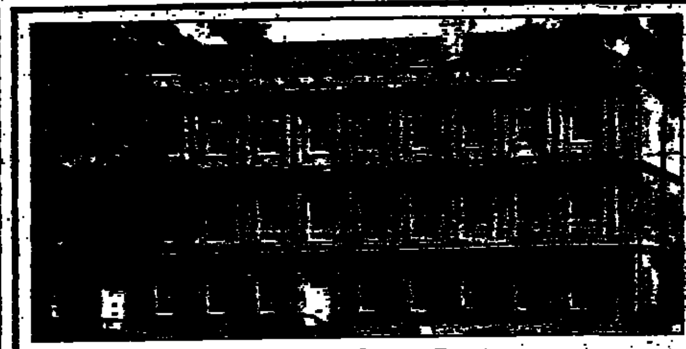

City of Bath
M4 Motorway 9 miles. London Paddington 1 hour 6 minutes.

A magnificent and complete Grade I listed Georgian town house.

Luxury apartment: 3/4 reception rooms, 3 bedrooms, 3 bathrooms, cellar.
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Upper maisonette: (Let) 1/2 reception rooms, 2 bedrooms, bathroom.
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Surrey

A beautifully modernised William IV country house

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Rochester City Centre.

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Aberdeen 50 miles. Inverness 62 miles.

A former Georgian manse set in a beautiful village by the coast

About 4 acres
Offers over £130,000
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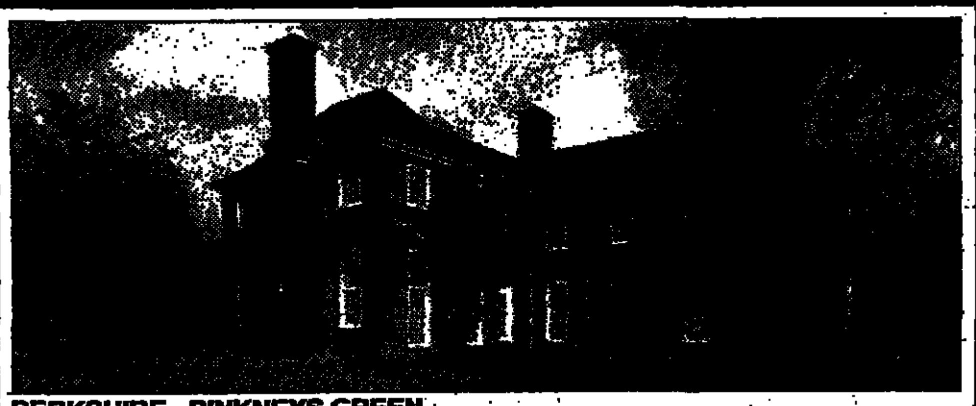
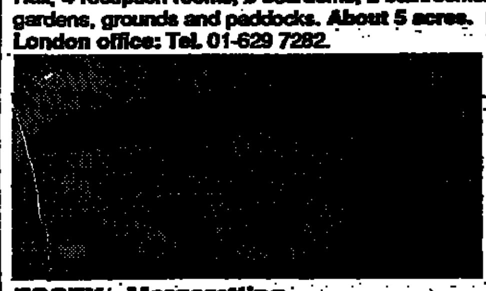


BERKSHIRE - PINKNEYS GREEN
Maidenhead 2 miles. (Paddington 25 minutes) Central London 28 miles. M4 (Junction 9) 3 miles.
A well proportioned Georgian style country house in a rural setting, adjoining National Trust Land.
Hall, 4 reception rooms, 6 bedrooms, 2 bathrooms. Staff flat. Swimming pool, mature timbered gardens, grounds and paddocks. About 5 acres. Excess £750,000
London office: Tel. 01-629 7282. Ref1AG10539



ESSEX - Margaretting

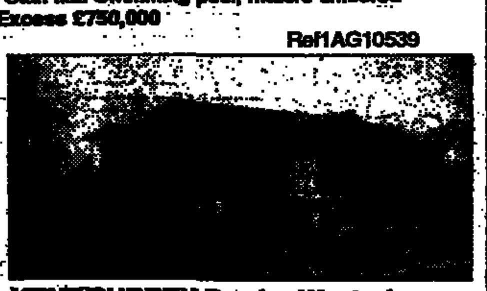
A substantial period house set in delightful secluded grounds on the edge of the village.

Hall, 4 reception rooms, kitchen, 2 cloakrooms, cellar, 4 bedrooms, dressing room, 2 bathrooms. Extensive outbuildings with conversion/re-development potential subject to planning. Delightful mature formal and informal gardens.

About 3 acres.

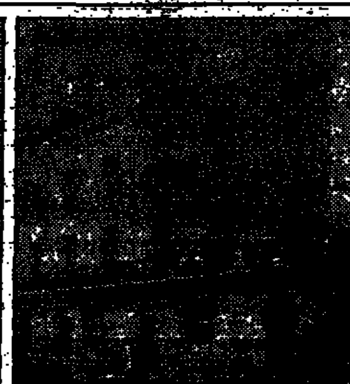
Region of £500,000.

Chelmsford office: Tel. (0245) 258201.
Ref 2AC7380



KENT/SURREY Border-Westerham
Westerham 3 miles. Sevenoaks 9 miles. London 22 miles. (Victoria/London Bridge 38 minutes).
A fine country house set high on the North Downs with views across Holmesdale Valley.
Hall, 3 reception rooms, master bedroom and bathroom suite, 4 further bedrooms and bathroom. Garage block with office/ playroom above. Indoor swimming pool complex with sauna. Landscaped gardens. About 1 acre. A 7½ acre paddock adjacent to the property is available by separate negotiation. Excess £450,000
Joint Agents: GA Property Services.
Tel. (0959) 63264. Strutt & Parker
London office: Tel. 01-629 7282.
Ref.1GG10634.

JOHN D WOOD & CO.
LONDON COUNTRY

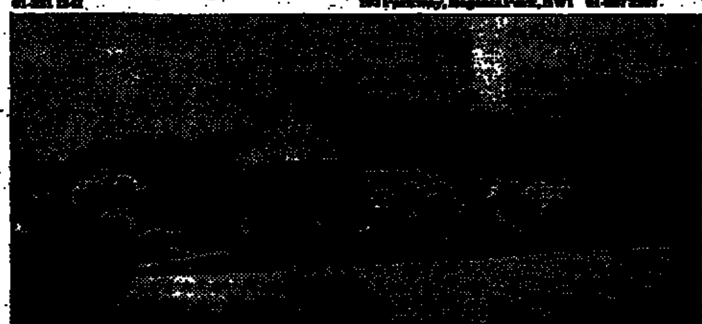


NEWTON ROAD, W.2

ST MARKS CRESCENT, NW1

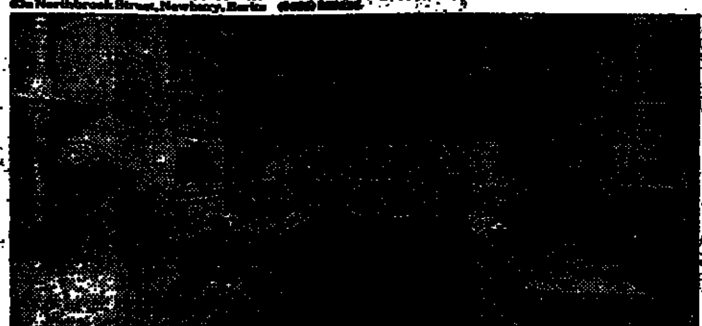
GERALD ROAD, BELGRAVIA, SW1

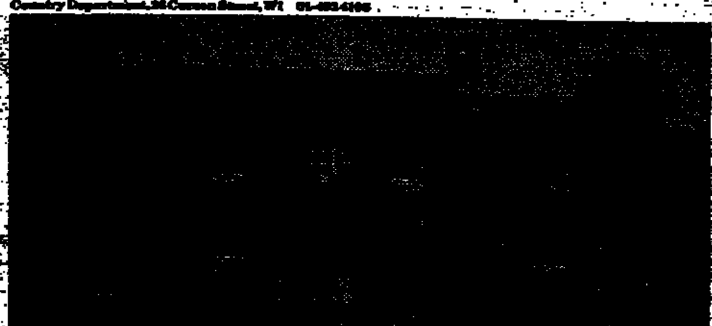
EVELYN GARDENS, SW7



OXON/BERKS BORDERS

EAST SUSSEX

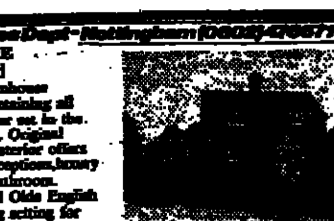




HENDERSON ROAD, SW18

London and Country Estate Agents
26 Curzon Street, London W1 01-493 4106

Country Homes Dept - Nottingham (0602) 476671
NOTTINGHAMSHIRE
Maplebeck Nr Neward
Magnificent Georgian farmhouse sympathetically restored retaining all period charm and character set in the heart of open countryside. Original beamed centrally heated interior offers 4 double bedrooms, 2/3 reception rooms, kitchen, breakfast area, bathroom. Double garage and typical Olde English garden. Delightful relaxing setting for busy executive and yet within easy commuting distance.
Notts 20 miles, Newark 10 miles
London 25 miles.
Substantial Offers Invited over £250,000



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TEL: (0736) 64671

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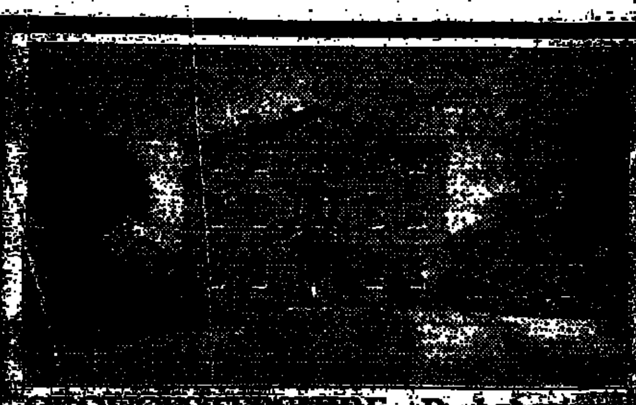

[illegible] – Berkeley
[illegible]
Savills, London. Tel: 01-499 8644. Contact: [illegible]

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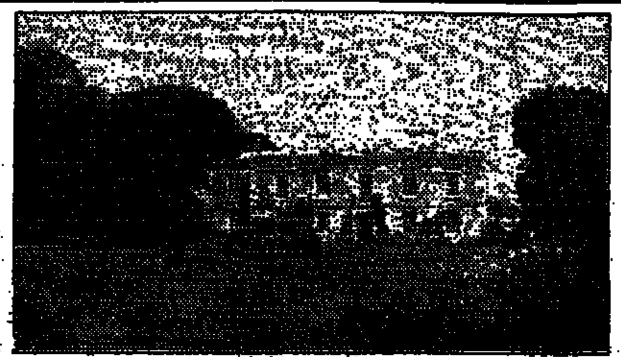
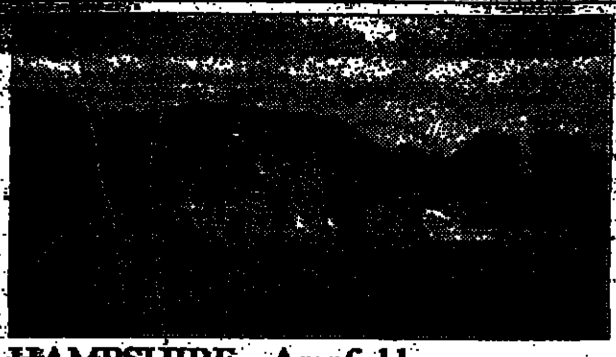


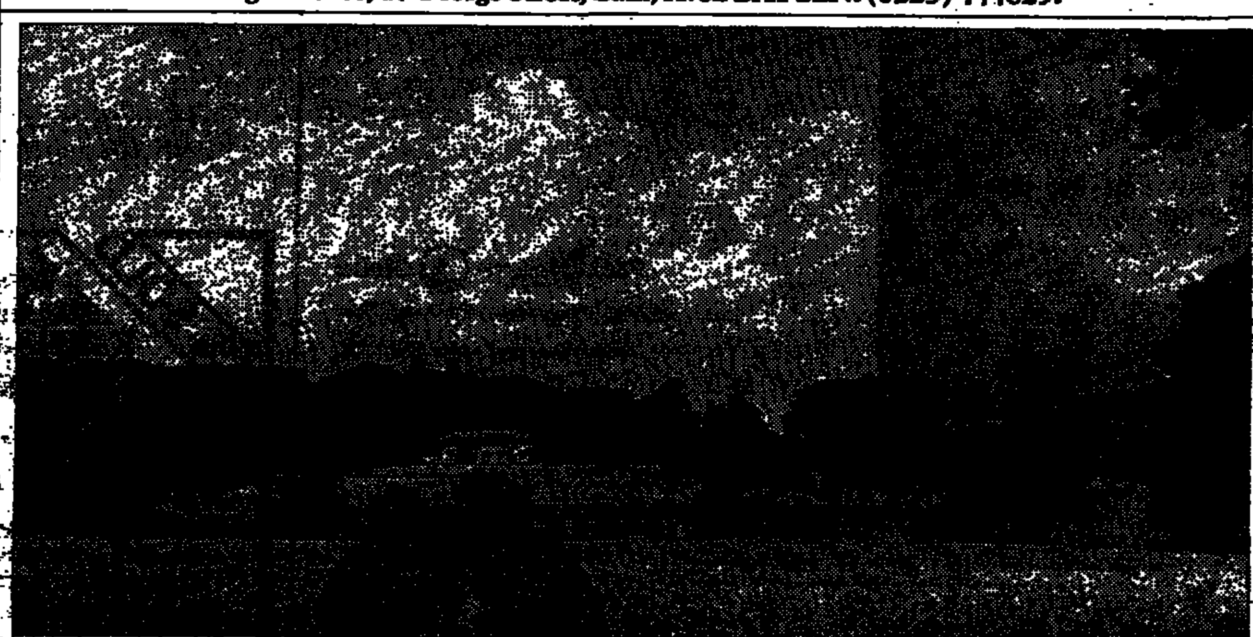
DEVON – Near Plymouth
Plymouth 6 miles, Newton Ferrers 8 miles.
Magnificent Georgian country house and lodge with delightful and extensive grounds and a spectacular view.
Wembury House: Hall, 4/5 reception rooms, domestic offices, spacious basement with staff flat. 4 principal bedrooms, 3 dressing rooms and 4 bathrooms, 8 secondary bedrooms and bathroom. Stables, walled garden and paddocks.
Wembury Lodge: Presently occupied as two cottages with 2 reception rooms, 2 bedrooms, bathroom. Parkland and cricket ground.
For sale as a whole or in 2 lots.
Joint Agents: Bettison & Company, Yealmpton. Tel: (0752) 880100. Contact: Christopher Forrest.
Savills, London. Tel: 01-499 8644. Contact: Henry Pitman.



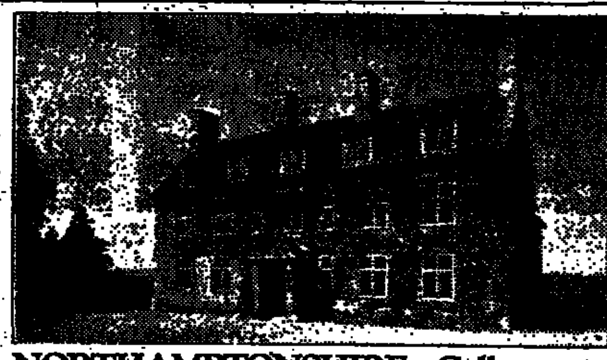
HAMPSHIRE – Ampfield
Romsey 3 miles, Winchester 7 miles,
Southampton Parkway Station 6 miles (Waterloo 59 minutes).
[illegible]
Oil central heating. Double garage.
Heated swimming pool with large pool house with games room and sauna. Sun terrace.
Tennis court. Attractive grounds with pond and woodland.
About 3¼ acres.
Savills, Salisbury. Tel: (0722) 20422. Contact: JoAnne Archer.

ABERDEENSHIRE – By Echt
Dyce Airport 15 miles, Aberdeen 15 miles.
Listed manor house set in the secluded grounds of an historic castle.
Hall, study, living room, kitchen, utility room, 4 bedrooms and 2 bathrooms. Oil fired central heating.
Triple garage and outbuildings. Walled garden.
Cottage: Hall, living room, utility room, 2 bedrooms and bathroom.
Paddock.
About 3.9 acres.
For sale freehold as a whole or in 3 lots.
Offers in excess of £106,000.
Savills, Edinburgh. Tel: 031-226 6961. Contact: Charlie Dudgeon.

[illegible]
Fine 17th century Cotswold stone farmhouse with outstanding views across the Windrush Valley.
4 receptions, kitchen, domestic offices.
[illegible]
12 loose boxes [illegible]
Gardens. Paddocks.
About 8.69 acres.
Offers around £850,000.
Savills, Banbury. Tel: (0295) 3535. Contact: Ian McConnel.



LINCOLNSHIRE **554 ACRES**
The Kenwick Hall Estate
Louth 2 miles, Lincoln 28 miles, South Humberside Airport 20 miles.
The perfect residential and sporting estate.
7 bedroomed Georgian style hall, 4 bedroomed farmhouse with a further 8 cottages and flats.
19th century stable block.
All weather manège.
Extensive farmbuildings including 3,000 tonnes of grain storage.
High quality farmland and parkland.
174 acres of magnificent woodlands.
Savills, London. Tel: 01-499 8644. Contact: Crispin Holborow.
Savills, Lincoln. Tel: (0522) 534691. Contact: Ken Jones.



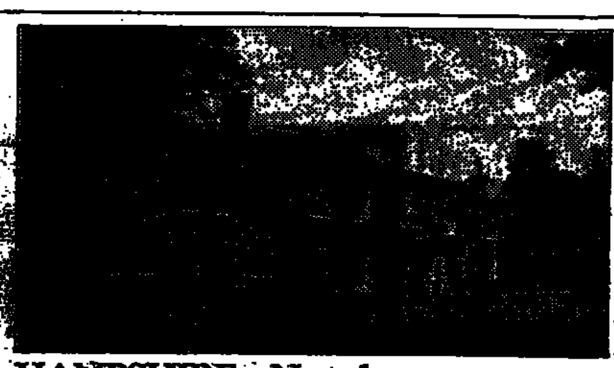
NORTHAMPTONSHIRE – Collyweston
Stamford 5 miles, Peterborough 15 miles (London King's Cross 50 mins.), Rutland Water 6 miles.
Elegantly proportioned manor house with far reaching views over the Welland Valley.
Reception hall, drawing room, dining room, study, fully fitted breakfast kitchen, 5 main bedrooms, 3 bathrooms, 5 further bedrooms. (Planning consent for hotel use).
In all about 2 acres.
Offers in region of £495,000.
Savills, Stamford. Tel: (0780) 66222. Contact: Tim Lawson.

HERTFORDSHIRE – Throcking
Buntingford 2 miles, Baldock [illegible] miles, A1(M) 10 miles.
Stevenage [illegible] (approximately 25 minutes).
[illegible]
Joint Sole Agents: Residential Property Services, Bishop's Stortford. Tel: (0279) 757575. Contact: William Wells.
Savills, London. 01-499 8644. Contact: Hardy Fryer.

FARM QUESTIONNAIRE

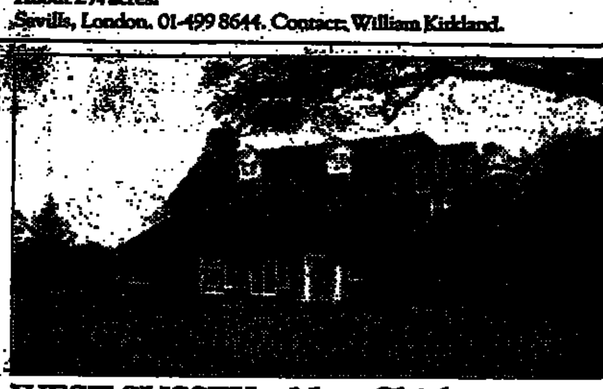
Questions	Answers	
(1) Distance from London:	2 hours ☐	
	1 hour ☐	
	[illegible] minutes ☑	
(2) Unspoilt countryside	YES ☑	NO ☐
(3) Substantial House and Cottages	YES ☑	NO ☐
(4) First Class Shoot	YES ☑	NO ☐
(5) Productive Mixed Farm	YES ☑	NO ☐
(6) Accessibility to Heathrow/ Gatwick	YES ☑	NO ☐
(7) WHERE?	HOLDHURST FARM, Cranleigh, Surrey. [illegible] Acres.	

Savills, London. Tel: 01-499 8644. Contact: Justin Marking.



HAMPSHIRE – Newnham
M3 3 miles, Basingstoke 6 miles, Basingstoke/Waterloo 45 minutes.
Very pretty Grade II listed house adjacent to a mill stream and with excellent access to London.
Reception hall, 3 reception rooms, kitchen/breakfast room, conservatory.
6 bedrooms, 3½ bathrooms.
Enlarged double garage.
Mill stream, hard tennis court, mature garden, paddock.
About 2¼ acres.
Savills, London. 01-499 8644. Contact: William Kiddand.

KENT – Near Cranbrook
Hawkhurst 3 miles, Etchingham Station 7 miles,
(Cannon Street/Charing Cross 58/64 minutes).
An exceptional Grade II 18th century farmhouse having medieval origins and enjoying rural views.
Entrance hall, 3 reception rooms, study, playroom, kitchen/breakfast room. 5 bedrooms, 1 bathroom, 2 shower rooms. Conservatory.
Heated swimming pool. Granary with garaging and studio flat. Barn.
Outbuildings. Attractive garden. Pond.
Over 1½ acres. Further land may be available.
Region of £425,000.
Savills, London. Tel: 01-499 8644. Contact: [illegible]



WEST SUSSEX – Near Chichester
Chichester Station 1½ miles, Arundel 12 miles.
A fine manor house dating from the 16th century.
Reception hall, 3 reception rooms, breakfast room, 4/5 bedrooms, 2 bathrooms. Second floor flat.
Garaging. Attractive garden.
Over 3 acres.
Savills, London. Tel: 01-499 8644.
Contact: John Coburn.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

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COUNTRY PROPERTY

RENTALS

RENTALS

PROPERTY

Timeshare — with a catch

Audrey Powell on a deal which aims to hook angling fans

FISHING IS held to be the most sought-after sporting asset. However, as angling for salmon grows in popularity so does its cost. The capital value of a good salmon river in Scotland today is between £3,000 and £5,000 a fish — with timeshare use nearer the top. However, timeshared fishing is one way of enabling more people to take part in the sport.

New to this market is the Tower of Lethendy, Meikleour, Perthshire, on the edge of the Highlands (pictured below). Accommodation is offered in the 16th century fortified hunting tower, which is surrounded by 40 acres of grounds along with two miles of double-bank private fishing on the River Tay. Other facilities include tennis, a heated swimming pool and a golf course.

The angling season is from January 15 to October 15. Guests have the right to fish from nine pools which, over the past five years, have had an average catch of 197 a season (although it is thought this will increase).

The property has been refurbished richly and split into eight suites, of which six have rods on the Tay. Each suite can be occupied by two people. A dining room, library, study and other rooms are available for joint use and included in the cost per "week" is breakfast, a packed lunch and dinner on four nights. "Weeks" are bought in perpetuity at prices from £4,000 to £30,000 (in the prime fishing season). Service charges are from £300 to £600 a week per year.

The owner of Lethendy, Duncan Kinderman (he prefers not to use the title of baron which goes with the property), visualises groups of friends buying all eight suites for one "week" at the same period each year and making up house parties, or companies buying on a similar syndication basis. The agent is Savills, Edinburgh.

Island life

A DEVELOPMENT of more than 50 holiday homes in the West Indies is rare indeed. However, work is just starting on the infrastructure for such a project at Montserrat, the British colony in the Leeward Islands, close to Antigua.

Having acquired 28 acres on the Caribbean side of the island, looking across the golf course to the sea, London architect John Renton has formed a company to build properties of two types there.

Two-bedroom, single-storey villas in clusters, with communal gardens and sharing a swimming pool, are expected to sell for about $160,000 (£95,000). Two-storey "plantation" houses, with verandahs and up to five bedrooms, will be in half-acre plots with their own 40ft pools. These could be priced from $250,000 (£148,000). Renton thinks medium-sized versions should let for $1,500 to $1,600 a week in the 17-week high season.

Construction of the houses is due to start in January, with completion of the first phase at the end of 1989. More information from Renton Welch Partnership, 12 Stucley Place, London NW1 8NS.

A.P

Travel points

HOLIDAY PROPERTY Bond is opening its first hotel at the end of this month. It is in Queensborough Terrace, London, W2, and appropriately will be called Bonds.

Bondholders buy points — £1 a point — which entitle them to holiday annually in any of "their" 250 properties in 15 locations in eight countries, for life. Choice and length of stay are governed by the number of points they own and the time of year. Winter weeks in Spain or France could be 2,600 points.

The Holiday Property Bond has invested £3.5m in a London hotel, which it feels will make a much-needed overnight base for bondholders. A night at the hotel will cost 180 points at weekends or 450 during the week.

Bondholders may holiday in a variety of properties they "own," such as ski chalets in Austria, apartments in Florida, or a village in Dordogne. There is a guaranteed buy-back facility. HPB's unit price is quoted daily in the FT. (Details from HPB House, Newmarket, Suffolk, CB8 8DN.)

A.P

Tree of life and artificial respiration

***Christine Burton** discovers that it's an ill wind that blows . . .*

THE MORNING after The Storm last October found me in my neighbour's garden attempting to lift her sumac tree. It had snapped sideways at ground level from what obviously were fairly rotten roots, its fall broken by the roof of her garden shed. This summer, the tree's base was obscured by a chimney pot (another victim of the storm) containing pelargoniums and its space in front of the fence was a riot of sweet peas.

A case of the calm after the storm? In this corner of south-west Wiltshire, yes; but for Michael Lear, botanic consultant and dendrologist (studier of trees, to you), the aftermath of the October 15-16 hurricane – and, indeed, the rest of the year – has been hectic.

For the past eight years Lear has worked for the National Trust, cataloguing all the "woody plants" in its gardens. Once a year, his computerised inventory is updated by identifying and noting plants that have died or been planted. Straight after the storm he was summoned from Yorkshire to Sussex which – together with Kent – had been hit hardest.

"It was like a nuclear war," he says. "The leaves on trees that were still standing had turned brown overnight; they were desiccated." He adds: "It had been a late autumn. The ground was very wet, so the trees had little anchorage, and the night was suddenly warm – about 17 degrees C. The hot, high wind gusted in over the sea, picking up salt and covering everything with white crystals. The leaves crumbled in your fingers."

Lear's task was to rescue any living part of a tree in order to re-create it. His catalogue had shown which trees were rare, but finding them was another matter. "I was working in gardens I knew intimately, but trees were lying one on top of another and the one I wanted was at the bottom of an assault course."

The idea was to take living material from trees that were not available commercially; trees that had been planted about 100 years ago and had become unfashionable. He also sought out "original introductions" – the first of a species to have been planted in the UK and proved hardy. There was, for instance, a red beech tree from New Zealand that was planted at Nymans in 1896; it was the biggest by far in the British Isles – 96 ft tall with a 12 ft girth. There also was a sweet chestnut at Petworth, a species introduced into Britain by the Romans as a source of food.

Armed with print-out, secateurs, polythene bags, labels and caravanette, Lear took cuttings for propagating or grafting, root cuttings and seed. In four weeks, he worked steadily through eight gardens: Nymans, Sheffield Park and Petworth in Sussex; Emmetts, Borde Hill and St John's Jerusalem in Kent; and Polesden Lacey and Winkworth Arboretum in Surrey.

Botanically, November is the worst possible time for trying to propagate since it is at the end of the growing season and plants are dormant. Having the right sort of rootstock also is crucial: it has to be compatible with the plant being propagated. Lear came across 150 walnut rootstocks which he sent to East Malling research station in Kent.

He selected seven nurseries and sent them material appropriate to their expertise. Apart from East Malling, there were the Royal Botanic Gardens in Edinburgh, Westonbirt Arboretum in Gloucestershire, two National Trust and two private nurseries. Some put on bright lights for long hours and fooled the plants into thinking it was spring. Of the 143 different species that were tried, 71 species had "taken" by the beginning of September and yielded 1,430 plants.

"People think trees and gardens are there for ever but they're ephemeral," says Lear. "We can learn from the storm." The county of Sussex, for instance, had the greatest concentration of notable rare plant collections in the UK. The lesson, Lear explains, is to distribute them around the country. Trees that are thought to be difficult to grow should be persevered-with; a mature specimen might be lost.

Practical lessons have been learnt, too, from those trees that were uprooted. For instance, much bigger holes should be dug when planting trees. This might seem self-evident, but the storm showed that even trees more than 100 years old had failed to grow beyond the size of their original holes; the roots simply had coiled. Many huge oaks had relatively shallow roots – often within 6 ft of the surface – and were not the icebergs of popular belief. Lear says that greater efforts should be made to ameliorate bad soils; roots often had not spread beyond the original planting compost when the surrounding soil was relatively infertile.

For his part, Lear still is recording the effects of the storm. Some of the toppled trees are not completely dead and it could be possible to take a second bite at the cherry – or even sequoia – by trying to propagate those that failed the first time.

Come spring, decisions will be taken on the destination of the successful plants. By then, Lear will have an accurate picture of what is available. The National Trust would like to find sponsors to enable him to follow in the footsteps of the original plant collectors and travel to Japan, China and the Himalayas to find species in the wild to fill the gaps.

Lear says there will be opportunities to create new vistas, and it isimportant to keep plant composition different to enhance the character of individual gardens." He adds: "I am an optimist. Good has come out of this storm."

Even the sumac has not given up the ghost; it is sending up shoots from the roots. Should these suckers be given an even chance?

Michael Lear surveys a survivor of the hurricane

Fruitful labours

*You don't have to dig out the pruning shears to ensure a bumper crop, as **Arthur Hellyer** explains*

GARDENERS worry a lot about pruning their fruit trees. Yet growth and productivity, particularly that of apples, can be controlled to a considerable extent by choice of the root stock on which the edible variety is grafted.

Any apple grafted on to M27 root stock will make a smaller plant than it would if grafted on to M9 which, not so many years ago, was the most dwarfing root stock available. Other root stocks will give other degrees of vigour; and since naturally-dwarf trees are likely to start fruiting much earlier than naturally-vigorous ones, you can determine to a remarkable degree how the tree will perform without any pruning.

Another method of controlling the size of an apple or pear tree, and hastening its fruiting, is to make its branches hang downwards; this restricts the upward flow of sap and distributes it more evenly along the length of the stem. The stems can be tied down, but it is quicker to use clothes pegs with pieces of lead attached; these can be clipped to the ends of young stems so they are weighted downwards.

Most apple varieties grafted on M9 root stock, and with their young stems pulled down in this way, will need scarcely any pruning at all – just the removal of dead, damaged or diseased stems or any that are causing overcrowding. Such trees may not be particularly attractive but they do fruit extremely well and are very easy to look after.

However, many gardeners will prefer something that is more regular and decorative in appearance. They may have admired horizontally-trained trees, single or double-stemmed cordons, fans and other shapes in old kitchen gardens. They will hanker after something similar to cover walls and fences; to use as garden divisions; or to plant beside paths as a kind of fruiting hedge or screen. These can be very beautiful, but they do require skilful pruning.

The method applied to all these trees is known as spur pruning. Apples and pears do not fruit on the first-year stems but they do form flower buds on them and, in later years, these may proliferate to form clusters of flower buds called "spurs." Spur pruning is intended to promote this so that, as trees get older, they consist almost entirely of main branches trained in the desired directions with fruit-bearing spurs distributed evenly throughout their length.

This ideal is made easier by selecting apple and pear varieties that produce spurs readily, and by grafting them on root stocks chosen carefully to give them just enough vigour to sustain the trees and enable them to fruit freely without overloading themselves with new growth.

There is a far bigger selection of root stocks for apples than there is for pears but, in general, pears form spurs more easily than apples, so this is

not a serious handicap. Anyone setting out to plant apples or pears for these purposes is well advised to buy the young trees from a specialist fruit nursery which is able to advise both on fruit varieties and root stocks for the particular type of training proposed.

The pruning itself is done mainly in summer when it is easy to see where the fruits are being produced and what is young, non-fruiting growth. Virtually all of the latter, except for stems required to extend the trees outwards, is removed a little at a time in July and August as the first flush of summer growth draws to a close.

The aim is to maintain the shape of the tree and prevent it from becoming choked with a thicket of unwanted new growth, yet to retain just sufficient of this growth to maintain a supply of fruit buds.

For those unfamiliar with the jargon peculiar to fruit-growers, "fruit" in this connection really means "flower." The fat buds that form on the older branches and, in time, begin to cluster in spurs, are flower buds. If the flowers are fertilised successfully, they will produce fruits; thus, the fruit-grower, looking to the end product, calls them fruit buds from the outset.

All stems also produce growth buds, and these are seen most clearly on the young stems. Look closely in the angle where a leaf stalk joins a young stem and you will see a bud. It is smaller, a little more pointed and pressed more closely against the stem than flower buds; these will be seen to be larger, rounder and more prominent.

So, in July, using sharp secateurs, you cut back the most forward of the young growths on apples and pears to about an inch. A few days later the work can be continued until, by mid-August, all the young stems will have been cropped except those required to extend the tree – mainly those at the ends of the branches – or needed to make extra branches.

It should by then look neat and tidy and the only difficulty might be that if the weather continues wet and warm for a considerable time, or the soil is too rich, or the root stock on which the trees are grafted is too vigorous, secondary growths may appear in September to upset the neatness. If so, it is best to wait until the leaves have fallen and then cut out this secondary growth. At the same time, the young extension growths can be tied-in neatly to whatever supports have been provided.

If, as a result of all this work, you simply finish up with a thicket of new growth the following summer, it means that you have chosen your fruit varieties or your root stocks unwisely or have overfed them. It is not the pruning that is at fault.

You then have two options: either to scrap the trees and start all over again, or to abandon the idea of making neatly-trained trees and start pulling down the long growths with string or weighted clothes pegs so that growth is checked and flower buds start to appear.

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Diversions

TRAVEL

Pâtés de foie gras to the sound of trumpets

Roger Beard spends a few days at the start of a five-year festival of reconciliation in battle-scarred Picardy

A MILLION ghosts haunt the bleak stretch of land along the arrow-straight N29 from Amiens to St Quentin. In the mists and rain of the Upper Somme, each autumn they harvest bones among the sugar-beet and wheat fields, as the flat earth of Picardy delivers up its dead.

Every sign post tells of battles, every corner holds some cemetery or memorial to the perversities of European nationalism. On the long run down from the Channel to Paris, Picardy is too poignant a reminder of the past and is usually traversed at speed.

To do so is to miss out on Picardy's positive side, the great basilicas, cathedrals, and churches which dominate the landscape in that dour, non-soaring way which so befits the birthplace of Calvin. Physically scarred by the artillery of history, raped, pillaged and battered, Picardy's churches have seen it all.

They were already 400 years old when the Spanish were started, 700 by the time the Prussians drove towards Paris, and very old ladies indeed when the same nation goose-stepped to infamy twice in the present century.

It is therefore fitting that Picardy and its churches should be the venue of a five-year festival of reconciliation, based on music rather than the trumpets of war, and bringing the musicians and music of Europe to these battered old basilicas that have seen more carnage than culture.

This autumn they started with the Brits, at that most wartorn of churches, the Basilique de St Quentin, where the shrapnel holes of the Great War echoed to the music of Haydn, Mozart, and Benjamin Britten, performed by the London Mozart Players and the London Choral Society, followed by fireworks in the town square, and good food and big speeches at the 17th century town hall.

There were similar performances at Beauvais, Saint-Leu d'Esserent, Noyon, Senlis, Soissons, and Amiens, culminating last Sunday with a grand concert at Laon Cathedral with Scots musicians playing German music.

Next year, a similar tour takes place with the Danes and the Low Countries, the year after that the Greeks, Spanish, Italians and Portugese, followed by the Germans, Austrians, and Swiss. The crescendo comes in 1992 when the smaller orchestras and choral groups of Europe gather at the same venues.

What better excuse for a weekend break? The Picardy towns are only an hour or two from Calais. They offer a specific cuisine based on game, pates, and variations of tripe, a wealth of history, and those odd corners of tranquillity so foreign yet so familiar.

Start at St Quentin, a town so uncompromisingly industrial that one would be forgiven for passing it by. If you detect a touch of Lowry in its streets, you are right for, before the arrival of the metal and chemical works, this was a textile town, served by the great canal network which links the rivers of northern France to the sea.

But unlike many of our northern towns, St Quentin goes back a very long way. Its basilica dates from the 12th century, and the great gothic choir from the 13th. Built on a chalk hill honeycombed with caves and passages, the crypt contains the 4th century tomb of St Quentin, an evangelist martyred at the end of the 3rd century.

The basilica itself is a monument to now-peaceful Picardy's violent past. The Spanish hammered it in 1557 when they took the town, and Phillip II built the Escorial in celebration of the victory. In 1917, the Germans had a go. Their bombardment nearly destroyed the place.

Where other churches have rich furnishings and rose windows which befit their age, St Quentin's basilica has battle scars.

Three other attractions make it easy to forgive the continuing industrial attrition which is overtaking this place. The 17th century town hall is a symphony of pre-revolutionary flamboyance, while at Le President the St Quentinois have one of the best restaurants in the North. Finally, there is the butterfly museum.

In a landscape so sad, so wet, and so northern, they have conceived a gossamer collection numbered in hundreds of thousands, and one of the most important in the world.

> *In countryside where a hillock becomes an alp Laon towers above the plain*

The other venues in Picardy's *Festival des Cathedrales* are equally rewarding. Noyon, for instance, obtained its charter way back in the early 1100s. Calvin's birthplace, it has a cathedral which must have influenced the young Calvin by its classical austerity.

To keep to the musical analogy, the cathedral at Noyon is an early work. You start with a simple, heavy church, and gradually expand it between the 12th and 13th centuries to the point where cathedrals became pretty. Had Mr Calvin looked up rather than stared at his feet, the course of religious history might well have been changed.

For this is a church which moves from plainsong and dirge to harmony the further up the eye can see.

Laon is something else. In a countryside where a hillock becomes an alp, it towers above the plain. As the green Michelin grudgingly admits: "It perches on its rock, like an acropolis." Were it not for the rain, you could be in the south. Indeed, it has a Romanesque Templar chapel which belongs in Provence, and reminds you of the hot, humid days of a southern summer.

There is so much to Laon that the only advice I can offer is to go there, above all stay there, and walk. There are few cities in Picardy which have escaped the wickedness of war. Laon was briefly bruised in the Franco-Prussian conflict, for the rest it remains intact.

Soissons also has a premier place in the evolving history of France. Capital of the Franks, where Clovis beat the Romans, its days of glory came within the first millenium. It has suffered greatly since. Its great cathedral, built between the 12th and 13th centuries, was reduced to just the choir and transept by 1918.

But no matter. Throughout the region, the restorers and stonemasons did remarkable work following that conflict, and no more so than at Soissons. As if the carnage had never happened, St Gervais Cathedral still stands.

Finally to Amiens, the capital of the region where the roses bloom. Of all Picardy cities, poor Amiens was damaged the most. What you look at when you enter their Notre Dame cathedral is a building started in 1220, restored later by Viollet-le-Duc, and miraculously untouched while 60 per cent of the city was destroyed by war.

You can spend a week, let alone a weekend here without risk of boredom. The cathedral will take you a day, and the Picardy Museum another. The 40 per cent of Amiens that survived can only make you aware just how beautiful the missing 60 per cent must have been.

I make no apology for the history lesson, for that is what Picardy is - as the organisers of the *Festival des Cathedrales* have realised. But there is one venue they have missed — the caves at Naours, a town holding 3,000 people, in which two kilometres of road, three chapels, shops, bakeries, stables, and granaries, have served generations of refugees from the centuries of war which have plagued the region — 30 metres underground.

Perhaps the acoustics were too bad.

Adam and Eve on the west facade of Notre Dame Cathedral, Amiens

Seeing is skiing at Alpe d'Huez

EVERY TIME I think I have finally skied all the exciting resorts in Europe, someone steals along behind my back and builds a devastating new one. This is the only possible explanation for my belated discovery this year of L'Alpe d'Huez, one of France's most exhilarating resorts. Otherwise how could I possibly have missed it ?

(Actually one of the first ski lifts in the French Alps, the Teleski de l'Eclose was built here as long ago as 1936, but the resort has been keeping a low profile and our hosts, Ski Thomson, have only just had the decency to alert me to its existence.)

What is also puzzling is how so many of the more spectacular resorts seem to retain characters of their own. Surely anywhere modern and French must be like Tignes, Avoriaz or Courchevel? But so often they're not.

When you arrive in Alpe d'Huez (we can dispense with the pretention now that we have acknowledged that the cognoscenti refer to it as L'Alpe d'Huez) you are immediately struck by how different it looks and feels from anywhere else you have skied.

It's situated on an astonishingly wide-open, sun-drenched ledge. You feel rather like an egg sizzling in an enormous frying pan. Indeed, the locals love to tell you that "if the sun is not shining in L'Alpe d'Huez it must be night time."

The main lift systems have been overhauled or rebuilt from scratch and are very modern. These are highlighted by gondola-cum-cable-car hybrids, each carrying 20 or so skiers, which are rapidly catching on in resorts all over France.

When you see the enormous variety of excellent red and black runs you'll want to set off immediately, especially if the sun is beaming down on your efforts. There is so much to see and ski that it's difficult to know which mountain to attack first. Best just to sit back (not too far) and follow your instructor. You don't need instruction ? Well, that's fine, but the most important reason in my view to hire one is that you won't get the best out of a good resort like this without one.

Our man, Regis, (like London policemen, they get younger every year) makes straight for the windswept Pic Blanc (3,330 metres) which seems to be where most of the action starts from. From there we reach what is said to be Europe's longest black run, La Sarenne (16 kilometres) and La Combe du Loupe, as good a black as I've encountered, and strangely reminiscent of an even steeper version of the famous Swiss "wall" from Avoriaz down to Les Gets. The Chateau Noir variant is even tougher and only a whisker away from being classified off-piste.

Another classic black is Le Tunnel. This starts as a steep mogul field beneath the Pic Blanc cable car before veering off to the right through a long tunnel hewn through the rock. As you emerge blinking at the other end, you are faced with something even steeper and bumpier. Adjust your eyes before you try it. The sun may be dazzling, but for the moment your skiing may not be.

By this time you may (or may not) be ready for one of the classic off-piste descents.

Again, the run starts from the Pic Blanc. If you're a "serious" skiier, follow your guide down the exceptionally steep south west face. Otherwise, discretion being the better part of valour, take Le Tunnel again, but this time after emerging into the daylight, cut across about a third of a mile to the right and rejoin the kamikaze brigade there for the very long remainder of the off-piste descent back to Alpe d'Huez.

This will take you down through some wonderful powder fields, a short but sweet couloir (ideal for those who have never ventured into this kind of off-piste skiing before) and on through the trees back — an hour or so later — to base. Even if you are reasonably fit, you will ache sublimely.

There is, of course, a lot more to Alpe d'Huez than just the Pic Blanc. The skiing is divided into three main areas — Grandes Rousses, Signal (good for long, sweeping fast "motorway" runs) and Signal de l'Homme. Altogether there are 70 lifts serving 220 kilometres of groomed runs.

There's more wizard powder on the way down to Oz, a newly linked resort that until last winter you could ski down to but only return from by taxi or helicopter.

For around £40 a helicopter will also transport you in a matter of minutes to and from the nearby resort of Les Deux Alpes which is very close as the alpine chough flies, but because of the meanderings of the road, quite a distance (40 minutes) by car.

This is another dynamic, purpose-built but by no means ugly ski resort, with its own vast ski area and some excellent off-piste and couloir skiing, some at high altitude (and distinctly chilly.)

It is dominated by the mighty Meije mountain (not one of the deux alpes from which the resort gets its name) and you can link up with the stunning terrain of La Grave on the other side of the mountain. This is a climbing village surrounded by spectacular, steep rocky crags that seem from the exceptionally beautiful Col de L'Autoret pass to penetrate the very heavens. But once the Telepherique has whisked you up among the superb glaciers and moraine fields, the skiing is tough, totally unpisted (there isn't a single groomed piste) but by no means startlingly difficult .

A guide, however, is essential for the most rudimentary of purposes — finding your way down.

There are three basic routes — two in powder, or whatever form of deep snow you happen to encounter on the day, and the other through deeply troughed moguls — very tiring on the legs. But the scenery is extraordinary. You feel like a speck of debris in the vast glacial lunarscape.

And the wonderful thing is it is easily within the reach of mere mortals.

■ *My visit was arranged by Ski Thomson. For further details they can be contacted on 01-435-8431.*

Arnold Wilson

DESPATCHES • Havana •

Castro's Chevvys

A YOUNG Habanero, watching me admire a lampless, wiperless Packard Clipper parked on Havana's Virtudes Street, confided: "It's 62 years old. It belongs to my grandfather." He patted the aged roadster's vast, scarlet bonnet, affectionately. "It's worth 8,000 pesos."

The Clipper was sandwiched between a rusty De Soto, which appeared to be in a similar state of disrepair, and a fly-infested, grey rubbish skip with "close me" etched unavailingly on its unsecured lid. Within a hundred yards along the breeze block-lined thoroughfare, I counted three Plymouths, a Chevvy Stylemaster, a Dodge and a primrose-yellow Ford Prefect. A lone Lada beetled by, conspicuously.

There are times when a visit to Fidel Castro's brave new world is like entering a time warp. Most of the island's basic infrastructure, from its execrable telephone system to the ancient plumbing at the Hotel Capri, is in desperate need of overhaul. According to Havana's mayor, Pedro Chavez, 56 per cent of the city's housing stock is "of ordinary standard or worse."

Such a trip does, however, serve to restore your faith in the quality of American motor industry workmanship. At a guess, fully 50 per cent of the city's meagre saloon car quota emerged from the factories of Detroit before Fidel and his intrepid band came down from the Sierra Maestra. Rush-hour on the Malecon, Havana's surprisingly bleak coastal highway and lovers' lane, can resemble a vintage Hitchcock film set gone to seed. Jean-Paul Sartre did not exaggerate when, writing of these very same vehicles in 1960, he said they had to last a long time.

Thirty years on, their continued presence on Cuba's generally well-maintained roads speaks volumes both for the ingenuity and expertise of Cuban mechanics, and for the system of priorities the revolution has espoused. "We use wire, solder, anything," said Eugenio, in his spartan repair-yard up the road from the Japanese embassy, when asked how he compensated for the dearth of replacement accessories. "And, sometimes, we scavenge parts from cars which we cannot repair." As things stand, the island's 10m population must make do with an estimated 140,000 vehicles — one car for 70 people.

To make matters worse, importing more cars — never something viewed with enthusiasm by the authorities — has seldom been less of a priority for the cash-strapped Castro regime. When times are bad, resources are devoted uncompromisingly to supplying the basic needs of the population and to defence of the homeland. That means no new vehicles, except for revenue-generating tourist taxis and hire-cars.

Of course, human nature being the same the world over, Cubans like to compensate for this deprivation by tarting-up what rolling stock they do possess. This accounts for the various Rolls-Royce parodies that sprout from the radiator grilles of many Havana cars. All the most stereotyped male fantasies, from bazookas to naked women, are represented, and the occasional maverick angel or flying duck may also be observed.

David Owen

Touch of Class

Designer bedrooms for gourmets

BOB PAYTON is best known for bringing deep-pan pizzas to the UK via a number of central London pizza houses and for launching "theme" restaurants (such as a short-lived fish restaurant called Payton Plaice) at the lower end of the market.

But nobody could ever accuse Payton or his restaurants of being dull.

Consequently, it should come as no surprise that Payton's new country house hotel at Stapleford Park near Melton Mowbray, Leicestershire, should have won the accolade "Most exciting Newcomer of the Year" in the latest edition of the Good Hotel Guide.

Hilary Rubenstein, guide editor, points out that Payton's "spectacularly restored lordly manor set in a serene pastoral landscape could have been just another elegant and expensive country house hotel." (Payton is rumoured to have spent some £3m doing up the place.)

One of Stapleford Park's most unusual features are "signature bedrooms" — each designed by a "name" designer, such as Jane Churchill, Lindka Cierarch, and so on.

The guide is clearly taken with Payton's enthusiasm, although it suggests that the restaurant (offering "the best of English cooking and occasional authentic American dishes") may yet have some way to go to match the hotel's high standards.

With double rooms (no single rates) costing up to £150, and suites up to £325 a night, Payton is clearly aiming for the work-hard, play-hard clientele in the 35 to 50 age group.

Rubenstein choice of "most sumptuous traditional country house hotel" goes to to Gidleigh Park at Chagford in Devon,run by Americans Paul and Kay Henderson for the past ten years with the aim of providing total comfort in a private house for "affluent connoisseurs".

The hotel was originally built as a country retreat for an Australian shipping magnate on the site of a 16th century manor house on the edge of Dartmoor. Double rooms cost up to £300 a night although single occupancy starts at £90.

He notes with some concern, however, that the Hendersons now plan to give up the day-to-day running of the hotel in order to develop a new luxury small hotel in London. Head chef Shaun Hill is taking over the reins by becoming managing director as well.

Those with smaller budgets will be pleased to learn that Rubenstein has singled out the Lovelady Shield country house hotel at Alston in Cumbria as the winner of the award for the best country house in the medium price range. (Bed and breakfast comes at a maximum of £32 per person).

"There is nothing but enthusiasm for Barry and Anne Rosier's late Regency house, in a sheltered setting by a wooded hillside and bordered by the river Nent, high up in the lovely wild scenery of the Pennines," enthuses the guide.

Inn of the Year, according to the guide, is the Sign of the Angel at Lacock in Wiltshire which "looks every inch ye olde inn." Double rooms with bath cost £70 a night.

The new edition of the guide — with a record 1,300 entries — has dropped more than 200 hotels in its search for excellence. Rubenstein, however, makes it clear that his choices are idiosyncratic:

The winner is McCoys at the Tontine at Staddlebridge in Northallerton where three brothers "give guests an exuberant maverick experience not to be found elsewhere."

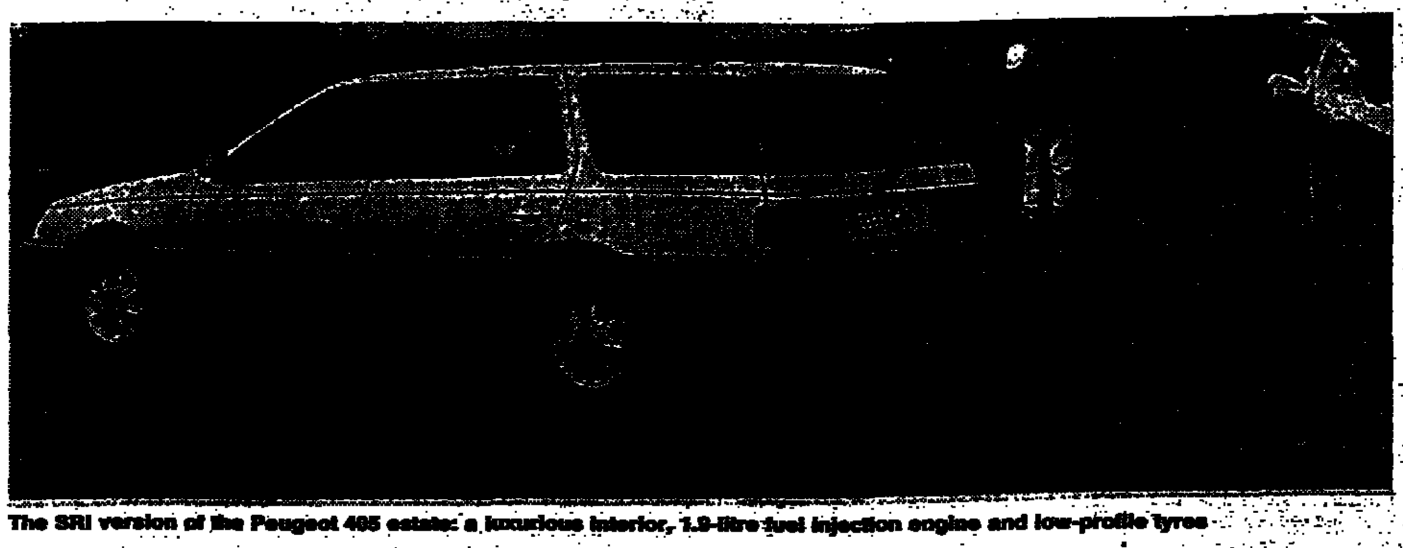
■ Good Hotel Guide 1989, Consumers' Association and Hodder & Stoughton; £10.95.

David Churchill

MOTORING

Parisian debut for Peugeot's new babies

Stuart Marshall takes a look at a clutch of the latest models shown at the Salon de l'Automobiles



The SRI version of the Peugeot 405 estate: a luxurious interior, 1.9-litre fuel injection engine and low-profile tyres

THE *Salon de l'Automobiles* in Paris featured some attractive new estate cars. Among them was Peugeot's long-awaited 405 estate, which made its bow there and will have its British launch at the National Exhibition Centre, Birmingham, in two weeks when full details of the range and prices will be announced.

It seems likely that there will be versions ranging from the practical to the decidedly luxurious, with petrol, diesel or turbo-diesel engines, and five-speed manual or four-speed automatic transmissions. The estates share the same drive train and suspension as the 405 saloon — Car of the Year 1988 — which has been praised widely for its ride comfort, rhandling and road-holding.

The Citroen stand was full of interest, with a diesel version of the AX supermini and a pair of BXs with four-wheel drive. The AX diesel, which reaches Britain early next year, is claimed as the world's most economical with a non-turbo-charged engine, and the world's fastest in its capacity class. The 1,360 cc engine develops 53 horsepower at 5,000 rpm, giving it a top speed of 96 mph (154 kmh) and a lively 0-60 mph (0-96 kmh) acceleration time of 13.2 seconds.

More to the point, because few people buy diesels to challenge all comers in the traffic lights grand prix, the AX returns 56.5 miles per gallon (five litres/100 kms) at a constant 75 mph (120 kmh) and 78.5 mpg (3.59 litres/100 kms) at 56 mph (90 kmh). For the light-footed owner, that spells 60 mpg-plus (less than 4.71 litres per 100 kms) in normal use. Motoring does not come more *frugal than that.*

The BX 4x4 hatchback and 4x4 Evasion estate car will go on sale in France early in the new year. They have a full-time four-wheel transmission with a normal front differential, a lockable one in the centre and a limited-slip version at the rear. If ABS brakes are required, a Torsen (torque sensing) rear differential is fitted. The engine is a 1.9-litre, putting out 107 horsepower at 6,000 rpm.

There are, of course, lots of cars nowadays with full-time four-wheel drive. What makes the BX 4x4 unique is that it also has self-levelling, height-adjustable suspension. Together with 4WD, this should allow it to keep going in snow or mud or on very steep gradients, separately or in combination.

Many road-going four-wheel drives come to grief in deep snow or mud because they run aground on their bellies. The BX can hitch itself up on its suspension at the touch of a lever, and the extra ground clearance makes all the difference. Citroen foresees a demand from two kinds of drivers: those whose recreations take them off the beaten track and others who just have to keep going, however bad road conditions become in winter.

Will the BX 4x4s come to Britain? Citroen is not sure at the moment but I hope they will, because I believe that a car such as this has a strong appeal to country people who need four-wheel drive now and again but who do not want a proper off-road 4x4. They are not catered for too well at the moment.

A Subaru, Honda Shuttle Real Time or the new Toyota Corolla 16v are about the only compact 4x4 estates that perform like normal cars on the road but are not frightened to cross a wet meadow. Renault is entering this segment with a four-wheel driven Savanna estate early in 1989, but I would have thought there was room for the BX 4x4 in what is a fast-expanding market.

Nissan's new Prairie, which made its world debut at Paris, will definitely be available in Britain in four-wheel as well as front-wheel drive versions. This five/seven-seat multi-purpose vehicle reminds me of the Renault Espace because its sharp front-end styling is like that of the French *train à grand vitesse*. But Nissan claims it has a *shinkansen* aerodynamic shape, like the bullet trains back home.

What is beyond doubt is that the Prairie combines low drag for fuel-efficient fast cruising with exceptional versatility. European markets will get it laid out as a five-seater with a huge amount of luggage space, or as a face-forward seven-seater with the rear bench folding into the floor.

The two-litre engine gives the front-drive version a maximum speed of 105 mph (170 kmh); the four-wheel driven version is a little slower. Transmission is five-speed manual or automatic. The full-time four-wheel drive system uses a viscous coupling to serve as a centre differential. This also allocates the engine's torque between front and rear axles, according to road conditions. Power steering is standard.

Like the very pretty Nissan 200SX sports car (the Silvia Turbo's successor, which made its European debut at the *salon*), the new Prairie will be at the Birmingham show.

■ Volkswagen's Passat estate has now arrived in Britain. It competes with cars of similar size such as the Citroen BX, Peugeot 405, Ford Sierra and Mazda 626. Engines range from an 80-horsepower, 1.6-litre turbocharged diesel to a 136-horsepower 16-valve with petrol injection. Prices are from £10,774 for the CL to the GT16V's £16,131. The turbo-diesel is £11,995.

■ Vauxhall has confirmed that there will be no estate version of the new mid-sized Cavalier (this column last week). Apparently, the old one — nice, easy-to-load estate though it was — never accounted for more than about 5 per cent of Cavalier sales. Vauxhall reckons that its Astra (which actually has more space inside than the old Cavalier) and the big Carlton now cover the estate car market well enough.

Tune in to those traffic troubles

WE SOON will be able to catch up with speeding German drivers simply by listening to the radio.

Besides being allowed to drive at excessive speeds, West Germans have had an edge on their fellow Europeans by using an early-warning system called ARI to avoid traffic snarl-ups. This is run by local radio stations which transmit useful information on spare frequencies picked up by car radios with modified receivers. Simply hit the ARI button and the radio alerts you automatically to traffic problems.

Now, broadcasters in the rest of Europe and Scandinavia have agreed on standards to offer a similar but enhanced information service. In England, a limited service is working already. It is called RadioData Systems (RDS) and is designed to make car and home radios easier and more fun to use.

To get the benefits, you need a digital radio with extra intelligence supplied by a chip. This interprets inaudible signals, sent out by radio stations, which instruct the receiver to carry out a range of automatic actions.

These include automatic tuning when travelling in a car; selecting a station by programme type (current affairs, country and western, classical music); traffic and weather flashes; and information about programmes displayed on the radio's screen.

In the UK, where BBC and independent radio stations are taking part in RDS, automatic tuning exists already on some stations broadcasting on FM. If, say, you are driving from Coventry to London listening to BBC Radio 2 on a conventional radio, every now and then you will have to adjust the tuning knob because the car passes from an area served by one transmitter to another.

An RDS radio will have been pre-programmed by the supplier to seek out the signal attached to Radio 2 broadcasts. Then the set, not you, will do the re-tuning automatically.

RDS sets also display useful information on their screens. The radio identifies the station to which you are listening and, for example, shows the name of the song and artist. The amount of information is limited only by the screen size and what the station wishes to send out.

To get the traffic-alert service, which started in the Midlands and parts of southern England in September, drivers will activate an automatic-override button. This means that you can listen to a station, cassette or compact disc but, as soon as a traffic flash is sent out, the set will interrupt your listening so you can hear the warning.

Even more useful is the ability to tune-in the radio to the type of programme you want. This service will not be available for a few years but, eventually, all broadcasters will add agreed codes to their programmes so that, for instance, you will be able to find chat, pop or classical music without knowing the name or frequency of the station.

Volve already has launched an RDS set as an option with its cars in the UK. Philips has launched a radio/cassette and other manufacturers plan to offer sets. The first ones will be expensive: Philips will charge about £400 to £450 and Ford is offering RDS in its top-of-the-range vehicles only for about £1,000, which includes a CD player.

Peter Knight

■ *Peter Knight is editor of Fintech 2 — Electronic Office*

Political triumphs of a loser in love

Robert Blake looks at the life and times of former Prime Minister Harold Macmillan

LIKE THE author's previous books, the first volume of the authorised biography of Harold Macmillan is written admirably and researched meticulously. It ends with the unexpected appointment of Macmillan as Prime Minister in January 1957 – unexpected, that is, by the press and public although not by the Conservative parliamentary party.

Macmillan was a late developer. Badly wounded in the Battle of the Somme, he recovered after many months of pain. After one narrow miss, he got into Parliament for Stockton in 1924. Then he marked time, losing his seat in 1929 but recovering it in 1931. He made few notable speeches and wrote some boring books about economic planning – of interest only because they show how close he was to socialist thinking. Indeed, he is probably the least conservative statesman to have led the Conservative Party in the whole of its history.

He was by way of being a rebel in the 1930s, but not a very exciting one. His great opportunity came when he was Churchill's second choice as Minister Resident in North Africa in 1942. He was lucky, but it is a sign of political genius to exploit your luck. He did so to the full and never looked back.

Meanwhile, personal tragedy had cast a gloom over his life which never lifted. His wife, Dorothy, a daughter of the Duke of Devonshire, fell head over heels in love with Robert Boothby in 1929. The affair lasted, in one form or another, until her death 37 years later. There was no divorce, although Macmillan at one time considered it. They established a *modus vivendi*, stayed under the same roof and got on as well as a couple could in such circumstances.

Boothby was a brilliant talker and very good-looking,

MACMILLAN 1894-1956: Volume One of the official biography
by Alistair Horne
Macmillan £16.95, 502 pages

but he had no morals and few principles. He was, in the parlance of the day, "a bit of a bounder." Amazingly, the story never leaked to the public. It was, of course, known widely in politics and society but this is the first time it has appeared in print.

Macmillan's career as "Viceroy of the Mediterranean" was a great success. It did not establish him as a future Prime Minister but it guaranteed him a place in any post-war Conservative Cabinet, although neither Churchill nor Eden particularly liked him. There was, however, one episode at the very end of the war which cast a cloud over his closing days. In May 1945, a large number of Cossacks and White Russians were, contrary to the Yalta agreement, handed over in Austria to the Soviet high command and almost certain death. The same treatment was meted out to the Chetniks and other anti-communist guerrillas who were transferred to the tender mercies of Yugoslavia's Tito.

The handover in both cases was done by deception; the wretched prisoners were under the impression that they were being sent to Italy and safety. The facts, or some of them, were revealed first by Lord Bethell in 1974, and he was followed by Count Nicolai Tolstoy in three books. In the latest, *The Minister and the Massacres* (1986), Tolstoy charges Macmillan with being the prime mover in this admittedly disgraceful affair.

However, the publication of Alistair Horne's volume coincides with that of the Cowgill Report, to which he had access. That document, by a retired army brigadier and three others, resulted from an attempt at their own expense to find out what really happened. The result of their efforts, which have been very thorough, is a complete acquittal of Macmillan. No proof whatever has been found that he had any responsibility for what occurred.

It is sad that these baseless charges should have darkened Macmillan's last years. One can only hope that Tolstoy, unless he can find further evidence to support his case, will now withdraw the allegations and take to the overt fiction which is more in keeping with his family's tradition.

The other controversial matter covered in this volume is Macmillan's role in the Suez crisis. It has often been said that he was the first to cry "Forward," only to be the first a few days later to cry "Back." It has even been claimed that he urged on Anthony Eden in the hope that the Prime Minister would be ruined and he would succeed him.

The charge of being first in and first out is correct. Macmillan, who had been a bitter opponent of Munich and appeasement, was certainly a hawk towards Nasser. On the other hand, Eden needed no urging, and the accusation that Macmillan was working to replace him is quite unjustified. Eden, whom I came to know well when helping him over his memoirs, never showed any sign of such suspicion, and the idea inherently is unconvincing.

Eden did complain, and with some justice, about Macmillan's improvidence as Chancellor of the Exchequer. What made him the first to press for withdrawal was the run on sterling. The French had taken the precaution of borrowing from the IMF in advance of the invasion; thus, they kept the franc steady throughout. The

Macmillan marries Lady Dorothy Cavendish in April 1920. Nine years later, she started a life-long affair with Robert Boothby.

British, however, took no similar action although Macmillan, of all people, ought to have guessed that the result would be a sterling crisis.

The truth would seem to be that he and Eden simply could not believe that Washington would act with positive hostility against the Suez venture. It is true that Eisenhower and Dulles were, in speech, addicted to vague gobbledegook. They were, however, perfectly clear on paper, and it was pure wishful thinking to imagine that they would stay even neutral on an issue of this sort. Macmillan had an interview with the American President in September 1956 and seems to have gained, and passed on to Eden, the impression that Eisenhower would be helpful (although Lord Sherfield, who was ambassador and took notes at the meeting, was astounded at the inconsequential nature of the conversation and at the lack of reference to anything that mattered).

Suez was not Macmillan's finest hour, as he admits in his memoirs. He was not playing a double game, though. Confusion, muddle and misunderstanding are better guides to the past than the conspiracy theory of history. Alistair Horne is well aware of this and his biography is a model of good judgment and common sense. One can only look forward with pleasure to the next volume.

The cheeky chappie with knuckledusters

Joe Rogaly on the memoirs of a Tory bruiser and the diaries of an eccentric socialist aristocrat

PEOPLE WHO write their autobiographies while still in the midst of an active life usually seek our sympathy, admiration and respect. Norman Tebbit cannot fail to win the first. His sufferings since the IRA bombing of the hotel in which he slept at the Tory Party conference in Brighton in 1984 plainly have been horrendous. He also has a claim on our respect, since his achievements in life certainly have been out of the ordinary.

He does not, however, succeed in putting himself across as particularly likable or admirable. The story he tells is of a lad from a most unpromising background who became Secretary of State for Employment, took over the Department of Trade and Industry, and capped it all with the chairmanship of the Conservative Party. "I played my part," he says with characteristic modesty, "in turning the sick country of Europe into one of the most successful and respected in the world."

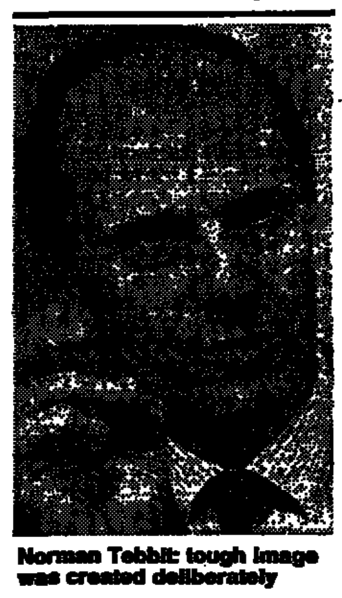
Tebbit is the uncertain product of what appears to have been a not particularly happy childhood. He grew away from his parents, whose own fortunes seem to have been downwardly mobile. His national service was in the RAF. It is recorded here that he preferred the company of men; the picture that emerges is of a rumbustious barrack-room atmosphere.

He spent many of his pre-parliamentary years as a pilot, flying with what became British Airways and becoming a figure in the pilots' trade union. He detected in himself a flair for words; others will note his love affair with the exclamation mark! The reader might conclude that this was not unpromising material in which to nurture an already sharpish saloon-bar mentality. In debate or on the hustings, he quickly became willing to strike and not afraid to wound. In this way, the mature Norman Tebbit has emerged as the cheeky chappie with knuckledusters.

These characteristics have made him a useful part of the mechanism of the Thatcher revolution. He knows how to attract Labour blue-collar voters and persuade them to think the unthinkable – should they support the Tories? To some degree, this

UPWARDLY MOBILE
by Norman Tebbitt
Weidenfeld & Nicolson £14.95, 280 pages

OFFICE WITHOUT POWER
by Tony Benn
Hutchinson £16.95, 452 pages



Norman Tebbit: tough image was created deliberately

involves the standard hard-faced politics of that ilk: pro-capital punishment, anti-immigration, steadfastly non-intellectual.

There are some especially Tebbitian prejudices, such as the apparent obsession with the iniquities of the BBC. And there are certain standard Thatcherite policies (the sensible sale of council houses, the welcome defeat of the trade union barons) that were strongly in our hero's mind before he had met Thatcher. The true hero on council houses turns out to be Peter Walker, now the licensed wet of Thatcher's Cabinet.

The way Tebbit tells it, much of his image as a parliamentary bruiser was created deliberately, either to draw fire from Thatcher, or to foil the Opposition. It led to Michael Foot's famous description of him as a "semi-house-trained polecat" – but was that the erstwhile Labour leader's fatal misconception? There are several passages designed to indicate what-a-cunning-fellow am-I. One is on his approach to industrial relations legislation, in which "I was determined first to form public opinion and then to be always just a little behind rather than ahead of it as I legislated." This worked well enough, but speaking loudly and carrying a small stick is hardly a Tebbit invention.

The truth is that if he is a cultured man, or a broad-minded political thinker, or a politician whose public life is based on civility, courtesy, and kindness, he withholds the evidence of these characteristics in his book. It is to his credit that, in his employment legislation, he has helped to conquer the totalitarian element that was evolving in British trade unions before 1979. Yet, curiously, his book has the effect of lending credence to Foot's soubriquet. It is perhaps more revealing than he realises.

Tony Benn's advertisement for himself is altogether more substantial, although much cheaper to buy. (It works out at 3p a page against Tebbit's 5.3p, which perhaps explains the difference between a working-class Tory and an upper-class socialist). Being a diary, it has greater potential as material for future historians than Tebbit's string of long anecdotes.

It also makes it plain, perhaps against the diarist's wish, that a decent education goes a long way. Benn is a gripping bedside read for those with memories of the Wilson years; every major row is recounted lovingly. It has a regular touch of light humour (Tebbit is merely funny) and sufficient self-deprecatory stuff to lead one to assume that it is an attempt to be honest. The upshot is that, for all Benn's lifelong attempts to escape his antecedents, what we have here is a rather dear, eccentric aristocrat. He certainly has a poetic touch to his nature. His vision has been broad, although it has narrowed as he has aged. His enthusiasms have been boyish. He comes across as more likeable than Tebbit.

Yet the two books go well with one another, partly because of the contrast between the street-wise likely lad and the naive peer – but, most of all, because both politicians have, in their different ways, done so very much to destroy the Labour Party.

Fiction

Dead ringers at the glitterati party

PEOPLE LIKE US
by Dominick Dunne
Sidgwick and Jackson £12.95, 403 pages

THE SKELETON IN THE CUPBOARD
by Alice Thomas Ellis
Duckworth £9.95, 138 pages

THE BROKEN COMMANDMENT
by Vincent McDonnell
Reinhardt Books £10.95, 255 pages

A TWIST IN THE TALE
by Jeffrey Archer
Hodder & Stoughton £9.95, 221 pages

THE FIRST and most important thing to know about Dominick Dunne's novel, *People Like Us*, is that it is a *roman à clef* – with a vengeance. The author – like the hero, Gus Bailey – is a refugee from Hollywood who now earns his living writing about the famous for a glossy New York magazine. Like Bailey, too, the author had an only daughter who was strangled in a drunken rage by her lover. In the book, as in life, the lover receives a derisory three-year sentence and is free thereafter to come and go as he pleases. In the book, however, the outcome is rather different to what it was in life . . .

There is much more to it than that, though. Bailey is only one character among many, for the author has chosen the New York glitterati as his target, the hard-faced super-rich who loom out of the pages of *Vanity Fair* (or they'll know the reason why) and have nothing better to do than worry about their social standing and whether they've got the best table in the restaurant.

It is a scene Dunne knows well, and concerns a publishing character called Lord Biedermeier who signs up autobiographies of the famous at parties. He is about to clinch just such a deal when his subject drops dead on him – an event which is bound to put a damper on proceedings if it becomes known. Biedermeier's attempts to keep it quiet until the party is over make for hilarious reading. A character like that couldn't possibly exist in real life, but it is being said in New York that you will find Claus Von Bulow, Elizabeth Taylor and Ivan Boesky among these pages. Plenty of others, too.

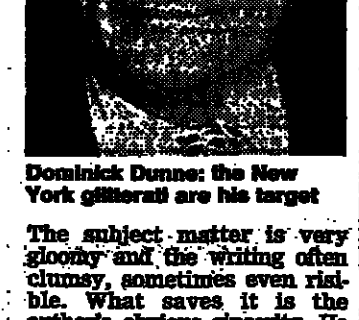
The Skeleton in the Cupboard by Alice Thomas Ellis is a sequel to *The Clothes in the Wardrobe*, published late last year. The first volume was seen through the eyes of Margaret, the rather vacuous girl whose impending marriage to Syl Monro formed the core of the book. This sequel is seen through the eyes of her much sharper mother-in-law to be, an acerbic old woman in her 80s and a splendid creation by anybody's standards.

Mrs Monro doesn't think much of Margaret, or of her son Syl, either. She is bored by people, preferring whisky and fags. She decides that the wedding would be a ghastly mistake and wishes she could sabotage it. In this, she is sided by the outrageous Lili, an immoral lady who stops at little to get her way. It's all great fun, narrated in spare, clear prose, and with a sharp eye for people's natural absurdities.

Emma Tennant's *A Wedding of Cousins* is a sequel too, a follow-up to *The House of Hospitalities* in which the narrator, Jenny, first encountered the aristocratic and not very nice Lovescombe family. We have moved on four years now, to 1957, and Jenny has got herself a job on her aunt's second-hand stall in London's Portobello market. Her old friend, Amy, daughter of Lord Lovescombe, is engaged to wimpish cousin Crispin Hare. Will she marry him? Will she be happy? Suffice to say that there is a third volume in the works and Amy is last seen in this one dancing in Paris with a black woman.

The Broken Commandment by Vincent McDonnell is the author's first novel and very nearly didn't get into print at all. It was rejected by several publishers, and the author was tearing his hair when his wife quietly sent a copy to Graham Greene. Greene liked it and passed it on to his own publisher, and you can see why. The story is a powerful one of Catholic redemption, an eternal triangle in which the protagonists desperately are seeking a solution to their problems but cannot countenance either suicide or divorce.

You can see, too, why other publishers rejected the book.



Dominick Dunne: the New York glitterati are his target

The subject matter is very gloomy and the writing often clumsy, sometimes even risible. What saves it is the author's obvious sincerity. He has written a raw, passionate, honest book, much more honest than other, more sophisticated works one could mention.

Jeffrey Archer's latest book contains 12 short stories, each with *A Twist in the Tale*. One or two are unexpected but most lumber into view at the halfway mark and refuse to lie down. The author makes an effort, but he has little ear for dialogue or for the way sentences hang together. These are tricks of the trade that he really should have picked up by now.

Nicholas Best

Larkin's hidden bounty revealed

HERE IS a book of poetry for which many people have been waiting a long time, and they are unlikely to be disappointed. Even if it had contained only the poems in the separate Larkin volumes published by Faber (*The North Ship*, *The Whitsun Weddings* and *High Windows*), together with those in the published collections under other imprints (*XX Poems*, printed privately in Belfast in an edition of 100 copies; *The Fantasy Poets No. 21*; and the volume from the Marvell Press in 1955, *The Less Deceived*), it would be well worth having. But, in addition, there is the unexpected bonus of many poems that have not appeared before at all.

Although his poetic creativity dried up sadly in his latter years, after *High Windows* in 1974, Larkin emerges as a much more prolific poet than we had thought. He was, however, very selective about what he published. Anthony Thwaite, who has put this volume together and who is Larkin's literary executor, has been generous in his choice of what to print among this mass of *inédits*. Some surviving poems still remain unpublished. Yet, we have here 83 Larkin poems which have not appeared in print until now.

Thwaite takes 1946, when Larkin was 24, as being the year of "the earliest poems which strike his characteristic note and carry his own voice," and he adds some 61 "new" poems to the main body of his

PHILIP LARKIN: COLLECTED POEMS
edited with an introduction by Anthony Thwaite
Faber & Faber £16.95, 330 pages

poetry written from this period until the end of his life. Then, on page 225, we go back in time to the period from 1938-1945 when Larkin was a schoolboy in Coventry, and afterwards an undergraduate at Oxford reading English at St John's. In this final section of early poems, there are 22 unpublished hitherto.

This arrangement of maturity first has the virtue of bringing to the fore the poetry by which Larkin will be judged by posterity; but for those who wish to observe his development as a whole – to trace his early Yeats phase and his Auden phase blending into the genuine Larkin voice – it gives the book a curiously back-to-front appearance.

Moreover, it is not as if all the poems in the back compartment graced only such ephemera as his school magazine, *The Coventrian*, or William Bell's anthology, *Poetry from Oxford in Wartime*, or *Cherwell* under Sidney Keyes and Michael Meyer, or Arthur Boyars' journal *Mandrake*; many appeared later in volume form in *The North Ship*, which was published originally by the Fortune Press in 1945 before it was re-issued by Faber in 1966. A poem such as "I see a girl dragged by the wrists . . ." contains the Larkin voice quite clearly, although immaturely, and depends upon the poetic voice within the poem meditating upon an observed external event, which became his later formula for the construction of a poem.

This, though, is merely to quibble over the technical details of an editing job for which all admirers of Larkin's work should be grateful. To respect Larkin's own unclear posthumous wishes, and to satisfy the Larkin-hunger of the poetry public, was a difficult task which Thwaite has discharged ably and conscientiously. May we now hope for a companion volume containing Larkin's unpublished fiction?

Anthony Curtis

Digging deep...

WHAT AND where is Aerodrome Cave? (An early hunters' site in Uganda.) What happened at Broken K. Pueblo? How did man reach Australia? *Past Worlds: The Times Atlas of Archaeology* (Times Books, £29.50, 319 pages) has the answers. Although of coffee-table size, its rich menu of maps, pictures and charts offers solid fare.

The atlas makes us especially aware of the contribution that food, farming and technology have made to the ebb and flow of civilisation. Imaginatively-presented views of the past, from Palaeolithic to the Industrial Revolution, seem sound and comprehensive and based on the latest findings. I detected few mistakes.

We learn about the archaeology of Burma, the spread of syphilis and the fauna of earliest London: hippo, bison and spotted hyena round Trafalgar Square, and mammoth and woolly rhino near Fleet Street.

Gerald Cadogan

Putting market forces under the microscope

THE REHABILITATION of the price mechanism in the estimation of politicians on both sides of the conventional left-right spectrum has been one of the wonders of the 1980s. Where intellectuals in the '50s and '60s worried about market failure, the inhabitants of today's think tanks are more concerned with the economic consequences of political hubris, which they call bureaucratic failure. Governments promote competition actively, while industrialists are forced to confront rather more market discipline than they have come to expect.

A case, in fact, of a very old idea, the time of which has come again. For we have indeed learned a great deal over the past decade and a half about the sheer intractability of the problems of economic management. With the possible (but still highly questionable) exception of Prussians in the German Democratic Republic, nobody seems capable of managing a command economy beyond a fairly rudimentary stage of industrialisation. Corporatism appears to have lost both its efficacy and its electoral appeal in the Anglo-Saxon world.

Equally important, in a period of disinflation a return to market principles – deregulation, in a word – offers politicians one of the few avenues for radical action that has little adverse impact on budgets. In the financial markets, meantime, liberalisation has become a competitive weapon for winning jobs from other countries' more heavily regulated financial centres.

MARKETS
by Martin Mayer
Simon & Schuster £12.95, 303 pages

Martin Mayer's highly readable book, *Markets*, clearly is topical. Coming nearly a year after the stock market crash, it might also have caught the political tide exactly on the turn. For while one of the more striking features of the crash was its failure to knock the stuffing out of the world economy, it has nonetheless spawned a demand – in the United States, at least – for new regulations to cope with supposed weaknesses in the operations of the capital markets.

One of Mayer's merits is that he understands both the subtleties and the limitations of the market mechanism. For him, the October collapse was a comment on a failure of policy in the leading developed countries; and that failure was a reflection not only of trade imbalances, but of deeper problems of economic structure. Whatever might have gone wrong in the so-called derivative markets in the US, where people trade in futures, options and other instruments that provide insurance against financial volatility, ultimate blame for Black Monday lies not with the markets but the politicians.

Those (like me) who have their doubts about efficient market enthusiasts and rocket scientists – the mathematical wizards who produce software for new-fangled forms of trading – will find this book refreshingly down to earth. It is sceptical about the value of the additional liquidity that the Big Bang brought to the London market and, rightly, teases the international stock exchange for its self-congratulatory verdict on its own performance during the crash. It worries about the consequences of the Tokyo market losing touch with reality.

And while Mayer is impressed by the entrepreneurial verve of the people who turned Chicago into a dynamic financial centre, he sees make-believe there as well. No amount of hedging, he argues, can give institutions safe equity investments in an economy driven by innovation, or stable real interest rates in an era of erratic government behaviour.

Yet this is no dry polemical tract. As well as providing a clear explanation of the dealing systems of the world's biggest capital markets and how they held up during the crash, Mayer spices his narrative with tales of corners and squeezes in the onion pit of the Chicago Mercantile Exchange, and of the more colourful personalities in the New York and London markets. He also raises the key question for market-minded politicians in the late 1980s: how long can the liberalising tendency endure now that international capital flows express a day-to-day verdict, often unfavourable, on economic management?

John Plender

Crime

HOODWINK
by Paula Gosling
Macmillan £9.95, 252 pages

PENNY WISE
by Susan Moody
Michael Joseph £10.95, 220 pages

A SPECIALIST in the comic murder story, Paula Gosling clearly has a marked gift for creating the memorable, farcical scene. In her latest book, *Hoodwink*, the central event is a slapstick encounter in a supermarket where the invention rivals memories of great Marx Brothers sequences.

But Gosling also knows about delineating character – or characters – and she assembles a magnificent, varied cast headed by an intuitive but physically clumsy cop, Jake Chase. The actual plot is, of course, far-fetched; but readers seeking verismo should avoid this fanciful, ebullient, original book.

In *Penny Wise* by Susan Moody, Penny Wanawake goes to Greece. The beautiful, 6ft black investigator becomes entangled in a drama that would have appealed to Athenian audiences of the golden age (incest is absent, but it is about the only absence in this crammed story).

William Weaver

The return of the native, to Kew

***Paula Deitz** talks to the new director of Kew Gardens*

Iain Prance, Kew's new director, pressing plants in the Amazon

A SUFFOLK-BORN professor who has been working in America for the past 25 years has returned to his native land to take a top botanical post.

The magnificently-named Professor Ghillean T. Prance – known as Iain – takes up the post of Director of the Royal Botanic Gardens, Kew.

Prance read botany at Oxford and while working on his doctorate he borrowed some specimens from the New York Botanical Garden - eventually staying for 25 years and becoming senior vice-president for science at the NYBG. At Kew, Prance succeeds Professor E. A. Bell.

In New York, his appointment is seen as further evidence of the historic links between the two botanic gardens.

New York's was founded in 1891 after Professor Dr Nathaniel Lord Britton visited Kew and, on his return, convinced the prestigious Torrey Botanical Club of New York that the US neeeded a similar institution. Located on 250 acres of what was once Bronx Park, the New York garden is smaller than Kew with only one very grand, glass conservatory, built in 1902. However, like Kew, the NYBG has one of the most active herbaria in the world.

As founding director of the NYBG's Institute of Economic Botany, Prance is concerned that botanical gardens in our century should move beyond conservation and basic research in ecologically fragile regions, such as tropical rain forests. He proposes a more active role for the gardens among the indigenous populations to ensure a proper balance between conservation and utilisation. Although the New York garden's scientific research focuses on the tropics, Prance will work to stimulate the same attitudes in the arid regions that have been Kew's speciality.

He has led more than 20 expeditions to carry out field work in the Amazon, and in the two-year period he lived with his family in Manaus, the base for his expeditions, he also established graduate programmes in Amazonian botany at the University of Amazonas, where students are being trained to assume leadership roles on environmental issues within their country. He hopes at Kew to encourage additional training for these leaders.

Rather than switch his regional expertise, Prance will continue to build on his own experience in Amazonian botany in the research projects that have accompanied him to Kew. A second, smaller office in the herbarium has been provided for his research, where he plans to work from 7am to 9am before arriving at the director's office, as has been his habit in New York. "To be an effective director," he says, "I feel that you have to be active in the field; being a scientist will keep me fresh in my approach to work at Kew." He has also been appointed Visiting Professor at the University of Reading.

Prance began his career as a student by studying botany all over Britain in a group organised by his biology master at Malvern College. He took his honours degree in botany at Keble College, Oxford, in 1960, and his doctorate in the Commonwealth Forestry Institute at Oxford in 1965. It was while completing his thesis that he sought to borrow plant specimens from the NYBG herbarium. In response, he was invited by the head curator to become a research assistant there to identify a backlog of specimens in that plant family. The only way the NYBG could afford to bring him to New York, to the adventurous student's delight, was via a three-month plant expedition in Surinam in 1963. After that he arrived in New York staying for 25 years.

As these were also years of significant growth for the NYBG, Prance brings with him an awareness of the administrative problems that now face Kew as an independent institution. Since the NYBG receives only 30 per cent of its budget from Government funds, as opposed to Kew's 90 per cent, the rest is sought from private donors and through commercial enterprises, such as their Shop in the Garden. However, as new programmes are introduced at Kew, the percentage of additional funds required will increase.

Prance wants to propose is a department of adult education based on the NYBG's successful model, where students can earn a certificate in such diverse extension courses as botany, commercial horticulture and landscape design.

One of the assets of Kew, Prance believes, is its traditionally close connection with the Royal Horticultural Society – a connection which strengthens both horticulture and botany in Britain. He looks forward to creating an English garden at the director's house now that he is back in a suitable climate – the extremes of weather in New York make it inhospitable to British plants. As Prance, aged 50, recalls: "After all those years I thought I was permanently settled in New York. Now all of a sudden I have got this amazing way to return home."

The virtues of 'real' food

*Perhaps nouvelle cuisine was a blind alley after all, says **Peter Fort***

I WAS invited to Burgundy to mark the launch next week of a new book by Anne Willan. It's called (rather arrogantly, I thought) *Real Food*. My instincts rebel at the many now-fashionable attacks on *nouvelle cuisine* from whatever quarter, particularly from people who think it must be all over by now; but I thought that here, perhaps, was something to get under my guard.

I love the idea of nourishing and simple country food and, in particular, I associate this kind of food with Burgundy, "the stomach of Europe." If you are a city-dweller for whom "the country" is another kind of world, Burgundy is in a way the *beau ideal* of everything you miss. If, like Anne Willan, you actually live in Burgundy, then the virtues of "real food" are knocking at your door (or climbing up your garden wall) all day long.

Your food will be "real" however you deal with it. In the UK, we are hopping expectantly from Sainsburys to Waitrose and on to Marks & Spencer in pursuit of this elusive quality but down there, on the banks of the Yonne, it's coming in the door. We picked wild peaches in the kitchen garden and ate them straight off the tree. Even the thin, sour red wine sold generally as merely "Burgundy" is grown just down the lane (the most northerly red wine in the world). When you taste it in subterranean Romanesque vaults of the Confrererie, there are great trays of gougere, those warm cheesy puffs which have all the drink-along qualities of potato crisps and all the "reality" of a slice of bread. The recipe is in the book.

However, Anne Willan has already delivered herself of her thoughts on Burgundian food, in a little book she did for Sainsburys. Her new book, subtitled *Fifty Years of Good Eating*, takes the whole world as its market. There are recipes from Indonesia and Pennsylvania as well as Italy and France. Oddly, for a book about hearty home food (but perhaps not so odd given Willan's Burgundy-and-Washington lifestyle) there is nothing about India. Real food was invented in India, was it not?

Anne Willan is not a poet about food like Richard Olney or Elizabeth David. She and her delightful husband are both economists by training, and the bright light of practical commonsense shines through her rather prosy recommendations. Her books are always for cooking out of, rather than for reading under the bedclothes. She is the best writer I know for pointing out the little things that may go wrong as you're getting something together – little unexpected brownings at the edges and so on. "Don't worry about it, it's perfectly normal," she tells us, just like Dr Spock.

So far as I can tell, she doesn't actually cook much nowadays. Like all those three-star chefs we grumble about, she has put all that behind her in a world of promotional appearances and publishers' organisation.

You might find a book called *Real Food* rather less appealing than some other more specific-sounding and gap-filling titles. But you will probably end up cooking out of it and be grateful for its practicalities. I have a feeling that the Americans can use it rather more urgently than you and I can; their cooking seems to have lost touch with reality altogether.

Perhaps the *nouvelle cuisine* was a blind alley after all. Perhaps we need a blast of the trumpet to remind us of vegetables hauled out of the ground and creatures killed recently and dished up in nourishing quantities to taste good, rather than pretty pictures painted on the plate with tiny dabs of this and that and exciting new taste combinations and exquisite slices of kiwi fruit. But among really top cooks, where presentation is not a substitute for flavour but an enhancement of it, reality has never gone away and never will.

Among the best cooks working in France, there is not one serving up dishes which you could have seen 15 years ago. However, their food has not ceased to be real. It is a shame that it became a kind of emperor's new clothes. Enter Anne Willan, and full marks for that.

■ *Real Food by Anne Willan is published by Macmillan at £15.95.*

Fishing

Riddle of the missing trout

THERE is no lovelier, nor more celebrated, piece of chalk stream trout fishing than the little River Bourne in Hampshire. Its song was sung in one of the masterpieces of angling literature, "Where the Bright Waters Meet," by the famous bass-baritone, Harry Plunket Greene. For a decade or so before the First World War, he made his home in the village of Hurstbourne Priors, across the meadows from the Bourne – "in those days", he wrote, "unquestionably the finest small trout stream in England."

Small is the word. Its average width is perhaps 12-15ft. In many parts it can be waded in boots, and the impression of shallowness is intensified by the extraordinary clarity of the water through which every trail of weed, every stone and every trout can be seen.

There is nothing miniature about the trout of the Bourne, though. Fish of a pound upwards abound while two-pounders are relatively common. Three-pounders are there and some are even larger. They prosper because the conditions for them are just about ideal. The water is pure, the volume constant, and the feeding tremendously rich.

There is, however, one part of the exquisite fishery where no such plenty is found – no shrimp, no caddis, no trout, no life. At the top of the Bourne Valley – just above the viaduct which carries the railway between Andover and Basingstoke – lies a great, green expanse of watercress.

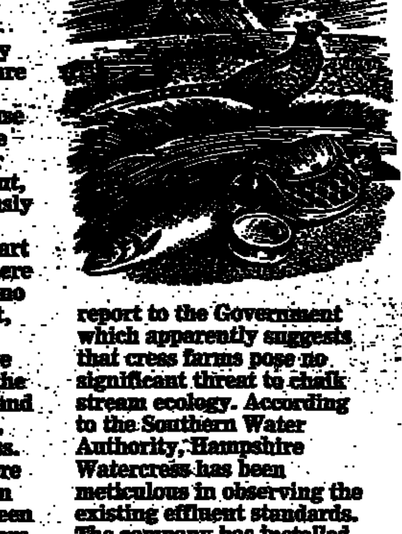
Cress has been grown here commercially for more than 100 years. The beds have been operated for the past 30 years by a company called Hampshire Watercress, which sells its product under the name Vitacress. It is the biggest cress producer in Europe.

Customers in Britain include Marks & Spencer, Waitrose and Safeway. They like a product which not only is healthy but looks healthy. Creepy-crawlies – such as shrimps, on which trout feed – have to be kept at bay. Cress also is vulnerable to an ailment known as crook-root disease, which [illegible] root. This requires the application of zinc sulphate to control it.

The Bourne anglers first noticed in 1981 that something was wrong with the right (looking upstream) of the two channels into which the river is divided in its upper reaches. This is the channel which carries the effluent from the cress farm. Despite its miniscule size, it was traditionally one of the best stretches of all. Plunket Greene begins his book by describing the capture there on an August day of three fish weighing $3\frac{1}{4}$, $1\frac{3}{4}$ and $1\frac{1}{2}$ pounds.

By June 1987, however, the channel was virtually devoid of fish. The Southern Water Authority investigated, and found that the shrimp and other invertebrates had disappeared and, with them, the trout. This process had coincided with a steep increase in production at the cress farm. But the biologists were entirely unsuccessful in establishing the exact cause although they continue to suspect that a factor may be the presence of zinc, contained in the silt which filters down.

Nor does anyone – apart from the fishermen – seem to worry over-much. The Freshwater Biological Association is presenting a



report to the Government which apparently suggests that cress farms pose no significant threat to chalk stream ecology. According to the Southern Water Authority, Hampshire Watercress has been meticulous in observing the existing effluent standards. The company has installed traps to help prevent silt from washing down-river and says it is taking extra anti-pollution precautions following an escape of chlorine this summer.

Away from the affected channel, the river still looks healthy. But the feeling persists that something is wrong. I fished the Bourne a few weeks ago and walked up the right channel to the cress farm. Downstream, I had been astounded by the number of sizeable fish (not that I could catch them; but we needn't go into that). But here, there was a lifelessness in the brilliant sunshine that was disturbing. I wondered if what had happened here already – whatever it was – might not also be happening further down, imperceptibly, insidiously, irreversibly. And I, too, feared for the little River Bourne.

Tom Fort

Now it's a wine rush in California

***Edmund Penning-Rowsell**, just back from the US, toasts the success of a boom industry*

THE CALIFORNIA premium wine industry is enjoying an unprecedented boom, reflected in an extraordinary increase in the number of new wineries (not least those owned by foreign companies), the number of others seeking permission to open up, and the sharply-rising price of land. As in other American spheres, the relative youth of nearly all the properties, and the speed of their development, are equally astonishing to the European wine world. Wineries only four or five years old already are making and selling very acceptable varietal wines, many from their own vineyards.

In fact, the California wine industry is not new; as long ago as 1870, there were 139 wineries spread around the state. The trade was devastated, however, by economic slump, phylloxera (the vines were not immune west of the Rockies, as they largely were on the East Coast) and, above all, Prohibition. After its repeal at the end of 1933, there was a burst of short-lived activity and the first new winery was built by Louis Martini in 1936.

Development was halted again by the Second World War and it was not until 1966 that the second new winery was built – by Robert Mondavi. Today, a California wine bearing a 1960s' vintage date, or even one of the early 1970s, is a rarity; indeed, its seniority might not be appreciated fully at first by a visiting wine amateur (although, on my recent visit to the Simi winery in the Sonoma Valley, I was offered an excellent Cabernet-Sauvignon 1935).

The rate of growth is shown best by the increase in the number of wineries in Napa County, the most prestigious of California's wine valleys. In 1965, there were 65; today, there are 204, with a further 50-60 applications waiting in the official county files. In adjoining Sonoma, nearer the ocean and the source of the 19th-century California fine wine industry, the number of wineries has risen from about 50 to 155. Yet, Napa is responsible for no more than 5 per cent, and Sonoma 4 per cent, of total US production (although counties such as nearby Mendocino and – south of San Francisco – Santa Cruz, Monterey and the districts near Santa Barbara must be added in the fine wine context).

The local authorities in Napa are so concerned at the popularity of the valley, which attracts 3m tourists a year already, that they have declared a moratorium on applications to establish new wineries; there is a fear that these would be concerned more with selling T-shirts to tourists than producing wine. A proposal to run tourist trains on an old railway line up the valley is being resisted fiercely by existing wineries.

Napa is the smart California wine district and the valley floor – up to three miles wide but narrowing to the north as it reaches Calistoga – is almost planted-up. New vineyards have had to take to the valley sides, which are much more costly to plant because they are covered with trees and boulders. Still, cost has not been a bar. It was Will Rogers who said: "Buy land; they're not making it any more;" and potential vineyard land in northern California is among the most valuable in the US.

The Whitbread-Bollinger-Antinori site, started in 1986 high up on a mountainside seven miles from the valley floor, will have 550 acres planted on an estate of 1,350 acres at an estimated cost of $30m. To set up a small winery, producing 25,000-30,000 cases, would take $5m.

A dozen years ago, 1,600 acres of vineyard had been planted in Napa; but "the fury of planting" (as was said of the growth of vineyards in 18th century Bordeaux) has increased it to 31,000 acres. The cost of planted land – around $12,000 an acre in the mid-1970s – has risen to $40-50,000. Prices are rather lower in the larger Sonoma region, which shares with Napa the Carneros area and is much more agricultural and less built-up – but planting costs will be much the same. The cooler climate in Carneros is favoured specially for producing Pinot Noir; but, for this, the developing vineyard area in Oregon to the north must surely be a rival, especially when land there is no more than $4,000 an acre.

The Robert Mondavi winery, only the second to be built after the repeal of Prohibition

As the vineyards have increased, so has the domination of the wineries (who make wine) over the growers (who only produce and sell grapes). In 1975, 70 per cent of vineyards were owned by independent growers and 30 per cent by wineries; now, it is the other way round. Among the latter, the more recent newcomers include the French (particularly for sparkling wine), the Japanese, Spanish and the Swiss.

What is extraordinary to most European fine-wine growers, whose production comes exclusively from their own delimited property, is that part – and often most – of a California winery's output will come from grapes bought-in not only locally but from properties perhaps hundreds of miles south. Single vineyards – of which Joe Heitz's, Martha's and Bella Oaks probably

are known most widely – are rare, although on the increase.

Some well-known properties in Napa – such as Trefethen, which owns 600 acres of vines – may also sell grapes as well as marketing wines under their own label; in addition, there is a trend towards branded wine such as Phelps' Insignia, Trefether's Eschol, Mondavi Rothschild's Opus One and Moueix's Dominus.

The speed with which a new estate can achieve success is typical. Whereas Europeans are rather cagey about new wines (it took Rioja about 10 years to establish itself in the UK) it is chic in the US to serve wines from "the new kid on the block." Publicity is secured by awards at fairs, tastings, and recommendations by newsletters and wine writers (who carry much more clout than they do in Britain, particularly Robert Parker).

In this context, some of the old, big names of the '60s such as Bellevieu, Charles Krug, Inglenook and Louis Martini, who between them made the best Cabernet-Sauvignon, have fallen behind in public esteem. How the new wineries will maintain their momentum is another matter, for there are too many names on wine store shelves already.

This structure rules out any prospect of adopting the French or Italian controlled *appellation* systems. There is, nevertheless, a trend towards what might be called appellisation. Increasingly, wineries are not content just to have county or valley names on their labels; instead, they are supporting a new official designation of "viticultural areas" which have to be approved by a curiously-named government agency, the Bureau of Alcohol, Tobacco and Firearms (BATF).

Sonoma led the way and has 11 while Napa has three, although Carneros covers both counties. Some of these viticultural areas are political, such as Sonoma County and Napa Valley, but most represent geographically-determined districts such as Alexander Valley, Russian River and Dry Creek Valley in Sonoma, and Howell Mountain in Napa. The most organised viticultural area is Carneros, dating from 1983; the Carneros Quality Alliance now includes 50 wineries, among them the new Taittinger sparkling wine property, Domaine Carneros. Its managing director and wine-maker, Eileen Crane, is president of the group, which released a 1985 Carneros Pinot Noir under the Alliance label recently.

There is no doubt that the trend towards viticultural area appellations will continue; in Napa, other names under discussion include Mount Veeder, Spring Mountain, Mount Diamond, Rutherford Bench and Oakville. Although there are no restrictions on the grape varieties employed, on yields, or on how the wines are made, 85 per cent of grapes in a designated area must have come from within that area.

A traditional rivalry exists between Napa and Sonoma; the former is credited generally with producing the best Cabernet-Sauvignons, the latter the finer Chardonnays. With so much experimentation going on, though, such generalisations mostly are invalid (and, anyhow, arguably the best California Cabernet-Sauvignon is made at the Ridge Montebello winery, 2,600 ft above sea level in the Santa Cruz mountains south of San Francisco).

Despite all this prosperity, there are fears it will not last. In recent California wine history, boom has been followed by bust. The first real boom, in which the qualities of its wines were recognised seriously and widely, occurred in 1977 with the release of the fine 1974 vintage. It was at that time that California wines began to appear on other-than-specialist lists in Britain. Then, the dollar rose against the franc and a record crop in 1982 resulted in reduced prices, a drop in sales, and a slump that led to wineries changing hands or being re-financed. In addition, widespread publicity for the fine 1982 Bordeaux vintage and (by American standards) its give-away prices meant that large quantities of classed-growth clarets were bought as "futures" and other French wines flowed in at the expense of California.

The picture changed when the dollar fell in 1986 and California fine wines were able again to compete successfully with the French, whose over-pricing in Bordeaux and Burgundy caused a reaction in America. The latest California boom began then, with French imports falling dramatically. Last year, for the first time, sales of California varietals overtook foreign imports. (The US market for wine is a comparatively narrow one; from a total population of 280m people, only 17m drink 90 per cent of the wine. In Britain, around 30m people are at least occasional wine-drinkers.)

California has had some excellent vintages, notably 1985 which probably was the best since 1970. The years 1986 and 1987 were very good, too, but the latter was 10 per cent short and the 1988 vintage, just finishing now, looks like being disastrously small, with the sought-after Chardonnays perhaps 30 per cent down and the Cabernet-Sauvignons 50 per cent less than normal.

For the Chardonnays, which two years ago were in surplus, intense demand has led to prices going from $850 a ton in 1986 to around $1,500, and even to £2,000. Cabernet-Sauvignon has risen from about $800 to $1,500. Although many wineries will be cautious there is talk of 25 to 35 per cent increases.

Of course, the popularity of California (and Australian) wines in the UK depends considerably on low exchange rates; higher prices and a falling dollar would strain demand. Meanwhile, the California wine rush shows no sign of slackening.

HOW TO SPEND IT

Lucia van der Post finds a range of jewellery to suit today's fashions

Perfect partners for the Renaissance look

BY DAY one of the current looks may still be the pared down little suit with the short, sharp skirt and the flirty jacket. But by night, out comes the glamour. Almost without exception all the designers showed rich, opulent jewellery with all their winter evening looks. Colours were glowing and dark – claret, forest green – and the more is piled on, the richer and more intricate the effect.

One of the best of the current providers of this look is the collection designed by Donatella Pellini. She is the third generation in a dynasty of Milanese jewellery designers. Her grandmother used to design pieces for Dior and Balenciaga – today Donatella seems to have a flair for providing exactly what the current fashion look dictates, at prices that seem realistic. Part of her awareness of current needs comes from working closely with many Italian fashion designers – Basile, Gigli, Soprani and others. Though she began making jewellery in traditional ways with gems and precious materials she soon started experimenting with wood and synthetics.

Today, the large part of her collection is made from synthetic resin (usually Perspex). To appreciate them they really need to be seen. The richness of the colours, her feel for what a particular mood or silhouette requires, combined with relatively realistic prices make her pieces a perfect choice for those who like their jewellery to make something of a statement. Liberty of Regent Street, London W1, Fortnum & Mason, Harvey Nichols as well as some exclusive out of London stores like Cliche in Beaconsfield, Rebecca in Maidenhead and Brown Thomas in Ireland all usually carry some of her designs.

Sketched here is a selection of some of her pieces that are the perfect accompaniments to this winter's rich Renaissance look.

THE brooches to the left are, top, a flower shape in ruby and jet or garnet and jet (£129) from Harvey Nichols and Fortnum & Mason. Below is a strikingly simple opalescent aquamarine resin brooch – in two sizes, small (£16), large (£16.95), both from Fortnum & Mason.

To the right of the figure is, top, a bracelet, made of ruby and black plexi resin (£40) from Harvey Nichols, Liberty, Cliche in Beaconsfield, Rebecca in Maidenhead and Brown Thomas in Ireland. Below is a plexi and diamante brooch in garnet and black, £39, from Harrods, Browns of South Molton Street and Rebecca in Maidenhead.

The figure's earrings are made of resin and bronze and come in garnet or black. £43 from Cliche in Beaconsfield, Brown Thomas in Dublin, Rebbeca in Maidenhead and Quintessence in Reigate.

Round her neck is a collection of long lengths of claret coloured beads. They also come in dark green and black and are meant to be worn in abundance. Strings vary in length and size of bead and range in price from £43 to £64. Find them in Harvey Nichols, Cliche, Rebecca, Quintessence in Reigate.

James Ferguson

A cut above the rest . . .

WHEN I last did a piece on current hairdressing trends John Frieda, I remember well, was already experimenting with more glamorous, dressier hairstyles. The day of the perfect cut, the wash-and-shake-dry school, was over. The look that he saw coming in was going to be much more demanding on hairdressers, requiring them to relearn the skills they had forgotten. Dressed chignons, topknots, thirties-style waves and permanents, filmstar pincurls, the whole glamorous box of tricks.

To go with the hair, accessory departments all over town are reporting that business is booming. At Fenwick of Bond Street, for instance, they tell me that business in the hair accessory department is now so brisk that it has completely overtaken the jewellery sales. Whereas once we could only look wistfully at all those clever little bits and pieces that could be found in Bloomingdales or the Galeries Lafayette, today we can buy them here on our doorstep. Almost all the department stores report a surge of interest, so if you don't live in London should try your local department store first. If you don't find what you want, all the ones featured here are available by mail order.

Here, for those who are looking for ways of embellishing their crowning glory are just some of the hair acessories around at the moment.

1. For the cool, sleek ponytail, a slim mock tortoishell clasp for an air of great elegance. £2.50 (p+p £1.80). It is just one of a large selection at Liberty of Regent Street, London W1.

2. Knotted rosette on a slide - a dressier way of bringing order to a ponytail. In pure silk in lots of this winter's rich, hot colours (purple, hot pink, emerald, red, bottle green, black, bright blue, navy and white) it is £16.95 (p+p £1.50) from Fenwicks of 63 New Bond Street, London W1.

3. A charming, really dressy Ann Boleyn-like snood with a black velvet band and black net and satin snood attached decorated with black beads, it adds instant glamour. £33 (p+p £1.50) from Fenwicks of 63 New Bond Street, London W1.

4. Halfway between a hat and a hair ornament, this confection of netting and small bright beads on a band adds instant gaiety. It could be worn to a cocktail party or a wedding and is just one from a range designed by Christine Eastwood and to be found at Liberty of Regent Street, London W1. £28.95 (p+p £1.80)

What a load of old rubbish

RUBBISH is not, it has to be admitted, a glamorous subject. Discarded cardboard boxes, rotting lettuce leaves, stale bread and old newspapers are not the stuff that exciting headlines are made of. On the other hand, pretending the problem doesn't exist will only make it worse.

The statistics don't make pretty reading but do put the problem graphically into perspective. For instance, every household in the country throws out a ton of rubbish each year. If you dumped a year's collection of domestic rubbish on the square mile of the City it would swamp it in a rotting pile 530 feet high.

What's more, the problem is getting worse. Addis, which makes a very healthy living out of supplying us with containers to deal with all these mountains of the stuff, has made a point over the last few years of studying the matter as scientifically as it knows how.

It has come up with some alarming findings. For instance, since it produced its first plastic kitchen pedal bin way back in 1957 the most commonly bought bin is now more than four times larger.

Friends of the Earth produce even more alarming statistics and anybody who feels brave enough to take on board the full horror story should write for its information pack.

If all this sounds depressing take heart. There is at least a partial answer – it's called recycling. Most of us hate the idea of waste and the Addis report revealed that 90 per cent of the people they surveyed wanted to know more about recycling.

Much of what we throw out is part of the world's diminishing resources – each one of us uses up about two trees a year – and is intrinsically extremely valuable.

In a perfect world, reckons Friends of the Earth, almost 80 per cent of domestic rubbish could be re-used but at the moment we live in a country where even the most conservation-minded of us don't have the chance to recycle the stuff we throw out.

Bottle banks are perhaps our most successful example of recycling. Some 26 per cent of householders questioned by Addis use one already and 72 per cent would like to use one. But in this country we have only 2,500 bottle banks.

The Glass Manufacturers Federation is hoping to double the number (so that we have about one bottle bank for every 10,000 people) but this still will be nothing like enough.

In Europe they have already worked out that for maximum efficiency you need 1 per 2,000 head of the population. In some countries, like Germany, they already have it. The Greens have obviously had a real impact in Germany – many Germans are issued with two rubbish bins, one for re-usable and one for non-usable waste.

Addis takes all the most common ingredients of the daily bin and is full of sensible suggestions for what to do with it. When it comes to bottles, it recommends keeping a "bottle box" for all non-returnable food and drink bottles. When it is full it should be taken to your local bottle bank - addresses from The Glass Manufacturers Federation, 19 Portland Place, London W1N 4 BH or from Friends of the Earth.

Only 43 per cent of us recycle newspapers, compared with 85 per cent who would like to if only there was a scheme near where they lived. Addis suggests that you find out through Friends of the Earth, the local council or Scout groups whether there are any paper collection schemes.

Cans are more of a problem - only 3 per cent use a can bank though 58 per cent of those surveyed said they would use one if there was one near them. Some 9 per cent of our rubbish is made up of metals, usually tin-plated steel, aluminium or a combination of both.

Aluminium cans are a very expensive form of packaging and should be recycled. Cans should be rinsed out after use, both ends should be opened up and the lids folded inside. Flatten them if you can (with the heel of your shoe) and store in a plastic sack.

Cans should then be taken to your local Save-a-Can centre (addresses from The Can Makers Information Service, 36 Grosvenor Gardens, London SW1W 0ED).

Anything remotely hazardous – old medicines, pesticides, weedkillers, battery acids – should be treated with great care and not just dumped or washed down the sink. Contact your local council's Environmental Services Department for advice.

Plastics should not just be thrown out and should certainly not be burned. Friends of the Earth run local plastic collection schemes.

Addis has produced, free, an excellent leaflet giving advice on almost every aspect of the rubbish problem.

If you'd like a copy simply send a stamped addressed envelope to: Addis A - Z, Addis Limited, Ware Road, Hertford SG13 7HL.

Friends of the Earth, 26-28 Underwood Street, London N1 7 JQ. (01-490-1555) runs a nationwide newspaper collection schemes, supplies economy envelope labels and has a lot of literature on recycling.

The Glass Manufacturers Federation, 19 Portland Place, London W1N 4BH, co-ordinates a national Bottle Bank scheme.

The Project Unit, 26-28 Underwood Street, London N1 7JQ will help advise anybody wanting to set up recycling or collecting schemes, whether voluntarily or as a business proposition.

LvdP

Dustmen clearing away rubbish at the end of a day's trading at Spitalfields

Cookery/Philippa Davenport

Sun, sleep and glorious bread

I HAVE RETURNED from holiday filled with a newfound passion for the simple things in life – sun, sleep and, on the food front, bread. My appetite was whetted earlier this year by crumbs of news from London about fashionable foodie take-aways and smart dinner tables offering breads that were studded, stuffed, coloured and flavoured with delicious things such as olives, walnuts and sun-dried tomatoes.

This brought back memories of wonderful breads I had eaten in Italy many moons ago: flat, roughly circular loaves dripping with olive oil and agreeably salty, sometimes garnished with extras.

Feeling suddenly ravenous, I rang various expatriate Italian friends in search of a recipe for the ancient hearthbread known as focaccia, or schiacciata according to region. They responded with misty-eyed nostalgia. They remembered rushing from school to buy warm slabs of bread and spoke with the same greedy fervour that English colonels have when they reminisce about the bulls eyes, lemon sherbert and gobstoppers of their youth. The lure of focaccia lives on often growing far stronger in adulthood.

Focaccia can be plain or enriched with extra flavouring in as many ways as your imagination cares to create. It is basic yet marvellously versatile food, timeless, classless, suited to any occasion. The only trouble with focaccia, as one friend pointed out, is that once tasted you may well become addicted to making and eating it. Penalties may have to be paid in terms of waistline inches gained.

If you think bread-making is only for those with time on their hands or for the owners of electronic bread-making machines, think again. These jobs can be done in a jiffy if you use an easy-blend yeast, such as Harvest Gold, which mixes direct with the dry ingredients, then give the labour of kneading to your food processor or to a food mixer with a dough hook.

FOCACCIA

This is my adaptation of a recipe from Elizabeth Romer's delightful *Italian Pizza & Savoury Breads* (published by Michael O'Mara Books). Quantities are enough to make two loaves, each about 10in diameter. The better the oil, the better the bread. Like all good bread, focaccia should be eaten on the day of making (it is at its best about half an hour after it emerges from the oven) but plain focaccia freezes well if wrapped and frozen as soon as it is cool after baking.

Fragrant variations are made by incorporating extras after knocking back the risen dough, as described below. I favour adding just one embellishment per loaf but some like to use a medley of goodies.

Lorna Wing, queen bee in *chi chi* catering circles, sometimes combines tomatoes with Parmesan cheese, olives and marjoram, for example, a mixture which reflects the kinship between ancient, basic focaccia and the modern pizza in all its garnished glory.

1¼ lb strong white flour (preferably unbleached and stone ground); 1 x 7 gram sachet of easy-blend yeast; 1 tablespoon salt; generous half pint warm water (one part boiling to two parts cold water); quarter of a pint good olive oil (4 tablespoons for the dough, the rest for finishing the loaves); Maldon salt for sprinkling over the loaves.

Using a food processor, a food mixer with a dough hook, or your hands if you want to do things the old-fashioned way, mix and knead the dough until soft and smooth. Cover with oiled polythene and set aside to rise until doubled in size.

This usually takes about one hour in a warm place, nearer two hours at average room temperature, eight to 12 hours in a traditional north-facing larder or other cold room, and up to 24 hours in a refrigerator, so aim for a quick or slow rise depending on your timetable.

Knock back the risen dough and divide in two. Knead briefly (and work in extra flavourings if using them), then roll each piece of dough into a ball and flatten it slightly. Place each one on a greased baking sheet and press and shape it with your hands to make a thin round about 10 inches in diameter and half an inch deep.

Dimple the surface of each loaf all over with your fingertips, cover lightly with oiled polythene and leave to prove for about 45 minutes in a warm kitchen (or in the airing cupboard).

Drizzle one tablespoon or so of olive oil over the surface of each of the puffed-up loaves. Spread the oil gently with your fingers, letting small pools settle in the dimples, and scatter lightly with flakes of salt.

Bake for 15 minutes at 425 F (220C), gas mark 7. Reduce oven temperature to 400F (200C) gas mark 6 and bake for five to 10 minutes more.

Put the light golden brown crusted loaves on to a cooling rack and drizzle another tablespoon or two of olive oil over each of them to give the bread its characteristic rich finish and wonderful fruity flavour. Leave for 20 to 30 minutes before eating.

FOCACCIA WITH HERBS

For a half quantity of risen dough (ie one loaf) knead in a scant two teaspoons of fresh chopped rosemary needles and decorate the top of the loaf with a few whole sprigs.

FOCACCIA WITH SALAME MILANESE

To make one loaf, simply strip the skin from a 3 oz chunk of salami, cut into dice and knead into a half quantity of the risen dough.

FOCACCIA WITH CHEESE

Two ounces of Parmesan cut into slivers and mixed with a coarse grinding of black pepper makes a fine addition to a half quantity of the basic risen dough.

ARTS

Out of Africa — a sound

*South African popular music now has a world stage. **Christopher Ballantine** helps to further its understanding and explains how it developed*

NO-ONE could have foreseen it, and with hindsight it looks like the intrusion of an impudent gatecrasher. The sudden, unheralded arrival of South African popular music, at the centre of the international arena, is surely the single most startling event in the history of popular music over the past few years.

Yesterday's massive Human Rights Now Concert in Harare, part of the world series organised by Amnesty International, once again made the point. The featured superstars, in what was the largest popular music event ever staged in Africa, included not only Bruce Springsteen and Sting but also a South African band, Johnny Clegg's Savuka.

One thinks of other recent examples. At the Nelson Mandela birthday concert at Wembley, London, in June, South African musicians such as Amampondo and Mahlathini and the Mahotella Queens were as much of a draw as Whitney Houston and Dire Straits; an astonishing turnaround for a musical culture that, not long ago, was little known outside the African continent.

And yet, despite the unprecedented international exposure of South African music; despite the record-breaking success of *Graceland*; despite the recent award of a Grammy to Ladysmith Black Mambazo and the fact that music lovers on several continents now try to persuade their tongues to deliver the clicks in genre names like *mbaqanga* and *isicathamiya*, a knowledge of what this music is, or means, remains elusive.

What, then, are the features central to a first understanding of South African popular music? If there is one fundamental concept, it

'This music is a fusion, vital and ever-changing, of traditional and imported styles'

is that this music is a fusion — vital, ever-changing — of traditional styles with imported ones, wrought by people of colour out of the long, bitter experience of colonisation and exploitation. The colonisers brought not only guns (for the heathen flesh) and bibles (for the soul) but — with equal pride — the trappings of an entire culture, including its leisure activities.

In 19th century South Africa (to go back no further), one of the most important of these turned out to be the minstrel show. Records suggest that white minstrels wearing "black-face" were performing in Cape Town as early as 1848. More famous American troupes disembarked at Durban and Cape Town in the 1860s and black-face minstrelsy — abetted, no doubt, by its inherently racist overtones — quickly became massively popular among white audiences.

Blacks encountered the genre from the start and, like American blacks, soon tried to capture it for their own ends. By 1880, at least one African minstrel troupe was performing in Durban; by the turn of the century, the fashion had penetrated even to remote rural areas.

By then, however, black American minstrels were intoning spirituals and singing of the "O happy days" to come when people have "turned back Pharoah's army, hal-el-u!" Several such groups visited South Africa during the 1890s and left a legacy that reverberated deeply in the consciousness of Africans. Immediately, African choirs sprang up, modelling themselves on these groups. Important in their repertoire were spirituals: those songs (as a Durban newspaper was later to put it) that hope for the day when "every man will be free."

If the realisation of these hopes was continually to be deferred, Africans continued at least to create cultural practices in which such aspirations could be rekindled constantly; and some of these, at least, continued also to resonate with the memory of 19th century minstrelsy. From the late 1920s, for instance, workers in the coal-mining districts of the Natal midlands began forging an extraordinary performance style alive with echoes of American minstrelsy, spirituals, Tin Pan Alley and Hollywood tap dance as well as Zulu traditional idioms. Most widely called *mbube* ("lion"), after the title of a 1939 hit record, this is the genre that has recently captured international attention through the work of Ladysmith Black Mambazo.

Mbube (or *isicathamiya* as it is often also called) is inseparable from the history and struggles of the Zulu-speaking working class. Often, it has been frankly political — not only because of its lyrics, but also by virtue of its links to workers' organisations. Most recently, for instance — until the state clamped down on gatherings of this kind — *mbube* choirs regularly sang at mass rallies organised by the gigantic Congress of South African Trade Unions (COSATU).

However, the fertile seeding ground of *mbube* survives, wherever Zulu migrant workers are thrown together in hostels in industrial centres; and its products are still displayed proudly — as they have been for decades — in weekly all-night competitions in dingy hostel or township halls. Ladysmith Black Mambazo are simply the most famous of these products.

Mbube is arguably the most important purely vocal style to have emerged in South Africa this century. By no later than the First World War, though, an original instrumental music of perhaps even greater significance — and, ultimately, far greater renown — was being perfected in the black city ghettoes, especially those in Johannesburg. That style was *marabi*: "the 'hot,' highly-rhythmic, repetitive, single-themed dance tunes . . . largely the illiterate improvisation of the musicians of the day," as an eminent jazzman, Todd Matshikiza, described it later. The most famous of its venues were the *shebeens* (the illegal backroom or backyard liquor

Paolo Di Paolo

dens) and the weekend-long slumyard parties.

Primarily a keyboard, banjo or guitar style, *marabi* was based on a cyclic harmonic pattern, much as the blues was. The comparison is apt: although not related directly to the blues, *marabi* was as seminal to South African popular music as the blues was to American. Some of the melodies superimposed on these endlessly repeating patterns became legendary; sometimes, lyrics were invented as well and, in some instances, these contained political protest.

For almost everyone not condemned to life in the ghetto, *marabi* and its sub-culture was evil: associated with illegality, police raids, sex, and a desperately impoverished working class, it was vilified as a corrupting menace. It is no surprise, then, that not a single one of the many early *marabi* musicians ever was recorded. (This is just one of the numerous tragedies of a recording industry which has, until very recently, been in white hands exclusively.)

American influences on black city culture found new outlets during and after the 1920s, notably through the sale of gramophones, American-made records and American films. By the late 1920s and early '30s, black dance bands started to appear, modelling themselves directly on American prototypes. Soon, there was a profusion of such bands and they played not only American (or American-inspired) swing numbers but also — and more significantly — their own *marabi*-based pieces in swing style. It is this unique genre that came to be known as "township jazz" or *mbaqanga*. As symbols of what black people could achieve in a white-dominated world, swing bands flourished among crowds in ramshackle township halls around the country.

'The year 1960 was decisive — the year of Sharpeville and bans on popular movements'

So began a time of astonishing innovation. Not only South African swing; not only *mbaqanga*; but also *kwela*, the extraordinary *marabi*-derived pennywhistle music of the streets, produced by the children of the black slums in imitation of their favourite jazzmen; and, no less remarkable, the multitude of jazz-based vocal groups. These groups, with names like the Manhattan Brothers or the African Inkspots, began by doing superb imitations of American groups such as the Inkspots or the Mills Brothers, learnt precisely from recordings and translated into the vernacular. But soon they, too, were producing their own compositions.

The legislation of the 1960s consolidated the apartheid state. Most serious for the future of urban black music was the 1950 Group Areas Act, in consequence of which all remaining racially-mixed neighbourhoods were to be separated through the forced removal of entire black communities, often uprooted and relocated on the peripheries.

The destruction of these vibrant communities was a major factor in bringing the era of the large dance orchestras to an end by the late 1950s. For a while, smaller groups survived and, with as much energy as before, worked once again in two somewhat different directions. One of them now looked primarily towards the US and the virtuoso bebop style of Charlie Parker and Dizzy Gillespie. The other direction was once again towards the fertile indigenous soil of *marabi*. And, as had always happened in the past, both tendencies made efforts to overlap, to find points of convergence, to understand their importance to each other. Many of the exiled South African musicians who now enjoy major international reputations — such as Abdullah Ibrahim (Dollar Brand), Hugh Masekela, Jonas Gwangwa, Chris McGregor and Dudu Pukwana — served their apprenticeship here: in this era and in this confluence.

The year 1960 was decisive: the time of the Sharpeville massacre, the permanent banning of the major popular democratic movements and police arrests on a massive scale. It was also the year in which the South African Broadcasting Corporation established a divisive radio service for blacks with seven full-time ethnic services. Musically, their bias was towards 'traditional, neo-traditional and religious music; the record companies followed suit. In the new black townships, suitable performing venues virtually were non-existent.

And so the exodus of jazz musicians for Europe and the US began; most never returned. Those who remained had to find some way of adapting to the new situation. But those who couldn't simply packed away their instruments for ever. As if to symbolise the new musical order, Mahlathini — one of its first commercial products — appeared in animal skins and sang of the virtues of tribal life. Music had become ideology.

It is important to understand that one of the reasons why jazz was suppressed was that it aspired (among other things) to musical and social *equality*: it was precisely that musical idiom in which and through which urban blacks were proving to themselves and to the world that they were the equals of whites.

At the very moment that the white and racist South African state was devising an ideology and a programme for fragmenting black South Africans, for turning them against each other by reinforcing and artificially cultivating tribal and racial differences, black jazz musicians and audiences were insisting not only on their status as fully-fledged members of the international society of human beings. By adopting jazz, urban black South Africans were self-consciously identifying themselves as actors on the international stage of history.

The identification went further, though, for jazz was not only international — it was also, and very significantly, the discourse closest to an international musical vernacular of the oppressed. Moreover, it was a discourse with explicit and historic roots in the continent of Africa, and it had been cultivated by people of colour — by former Africans — in the US under conditions of explosive capitalist development. The parallels with South Africa were obvious.

For a genuine politics of opposition, as much as for a culture of resistance, the next two decades were the aftermath of massive defeat, and a slow rebuilding. Musically, few artists managed to open up any creative space within the rigid, formula-bound styles fostered by the SABC's black radio stations. When a virile, oppositional popular culture began finally to reappear, it did so only because of the re-emergence of black working-class and community politics.

The conjuncture of two events in 1983 symbolises this revival. In April in Cape Town, a mass rally attended by representatives of some 400 organisations from around the country launched the United Democratic Front (UDF). In Johannesburg a few months later, at an historic, sold-out concert, a big band of old African jazz musicians, many of whom had not played publicly for 20 years, gave their inaugural performance under the name of the African Jazz Pioneers. At one level, both events were rituals of regeneration: the release of energies and processes stifled for two decades.

Certainly, things did not look the same afterwards. Within months, the state found itself having to contain a pre-revolutionary uprising; and in other forums of struggle and solidarity, 1950s-style township jazz bands and *mbube* choirs shared the stage with the speech-makers at

'The striving for an authentic culture has a momentum which even the State of Emergency has been unable to still'

huge COSATU and UDF rallies.

Today, this striving for an authentic South African culture has a momentum which even an endemic State of Emergency has been unable to still. New performing venues have sprung up in the major cities. Bands such as Sakhile, Sabenza, Johnny Clegg's Savuka, Bayete, and the Jazzanians, as well as countless others known less well, play music in which the blend might be *mbaqanga* with traditional Nguni song; or Cape 'Coloured' *klopse* idioms with bebop; or *marabi* with electronic rock; or Zulu guitar style with Cape Malay *ghommaliedjies*; or endless other permutations. It is what these integrations make possible that is exciting and important. Like their audiences, the bands are wholly non-racial, rejecting in their behaviour and commitment centuries of racial and class dichotomy. For them, this music is an alchemy that is helping, in its way, to corrode the old social order and to liberate the new.

And one of its most astonishing features is that the power of this alchemy is felt beyond the frontiers of apartheid society — by countless thousands of music-lovers across the world. It is not enough to say that the crowds who flock to stadiums in London, Paris or New York to hear this music do so simply because they support the struggle for social justice in South Africa. The immediacy and intensity of their emotional reasons suggest, rather, that they have taken this music for their own: that the struggle, and the hope it signifies, resonates with their own struggles and hopes.

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Saleroom

Dealers hope for a revival

THIS IS a tense weekend for the antiques trade. The first major fair of the season, at the Park Lane Hotel in London, is in full throttle and the 40-odd dealers taking space will be looking for signs that the malaise that has gripped business over the past year is lifting.

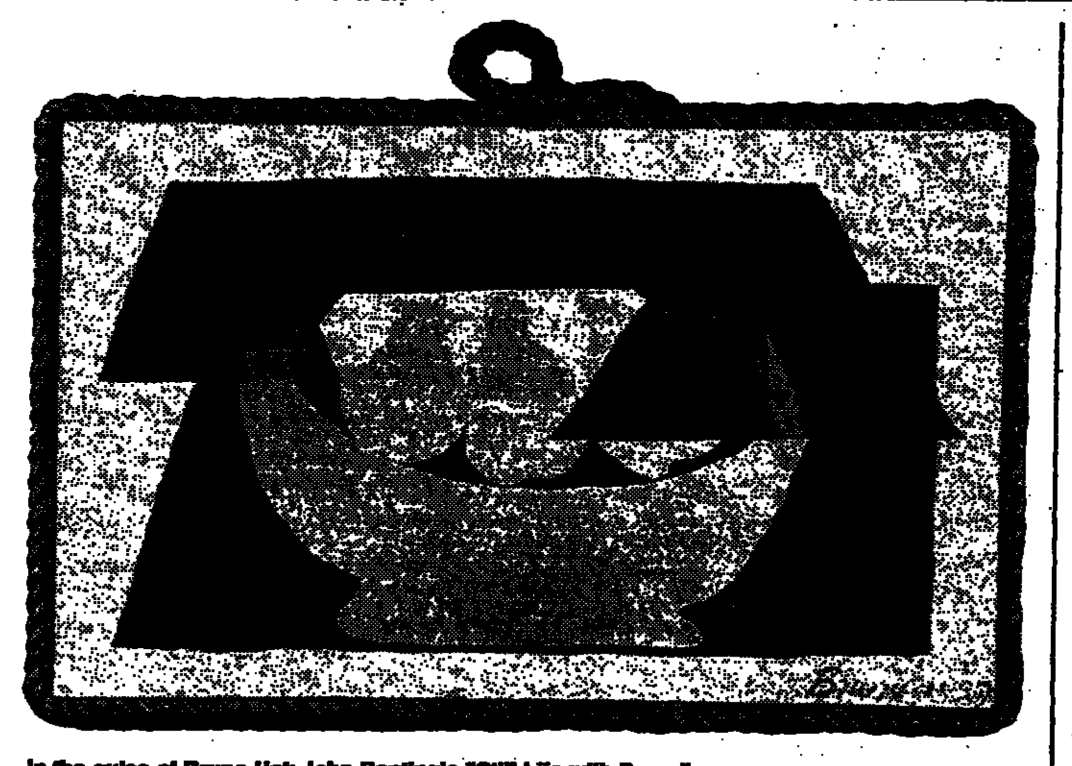
There is little mystery as to why dealers are not their usual dissembling selves. The Americans, both trade buyers and private collectors, have been thin on the ground, originally because of the weakness of the dollar and then because of caution before next month's presidential election. The market is slack in the US and the UK, its main supplier of run-of-the-mill antiques, has suffered in consequence.

There has been more British buying and the Italians have been busy, too, but many dealers had become dependant on their American clients and have had a quiet year, contemplating unmoveable stock. The good stuff has been snapped up as usual, but many prices will have remained static for months. It could be a good time to buy.

Park Lane, now in its ninth year, is trying to lift its reputation towards the level of Grosvenor House and the Burlington and above the mass of fairs which now crowd the calendar. Trading at fairs is now a way of life for many dealers who cannot afford the rents and rates on retail premises. At fairs, they know they will meet hundreds of potential customers who they can seduce back to their homes later to see the rest of their stock.

The British Antique Dealers' Association is supporting Park Lane this year with its own furnished room, stocked by nine of its leading members such as Charles Clarke and Maurice Asprey, and the general quality at the fair is good. There are items for under £100 but most of the antiques are in the £500 to £5,000 range. Anthony Woodburn has a long-case clock by George Graham which must be approaching the £100,000 mark.

Among the oddities are a Worcester mug of around 1760 from Graingers. It has a view of the city that totally eliminates the factory's main main rival, Chamberlain (Jill Gosling); and a black enamel mourning ring, inscribed "Poor Tom" (Donohue), which might suit someone who missed out on Christie's ring auction on Wednesday.



In the guise of Bruno Hat: John Banting's "Still Life with Pears"

The dealers at Park Lane are not expecting miracles but they do take some confidence from the first 20th century British Art Fair, which closed this week at the Cumberland Hotel and was a mitigated success. The organisers have not quite got the formula right but most of the 50 dealers who took space did well enough, or better, to be willing to book for the 1989 splash.

The problem is the perennial one. It was mainly the cheaper, decorative, chintzy art that sold, to amateur art-lovers looking for a picture to go over the mantelpiece. The serious collectors popped in but they still prefer to negotiate discreetly with their regular dealers.

Peter Nahum, whose display of 20th century art was among the most challenging on show, was having a depressing time until he sold a large canvas painted in 1944 by Stanley Badmin. *The Weekend Pass*, which shows carefree servicemen scuttling out of camp, fetched about £22,000.

There was interest but no taker for his splendid Stanley Spencer, approaching £100,000 in price. Nor was there a taker for his *jeu d'esprit*, a painting titled *Still Life with Pears* by John Banting, the canvas bound in rope, which was attributed to the mythical Bruno Hat (who was given a spoof exhibition organised by the Bright Young Things — Evelyn Waugh to the fore — in 1928 for the confounding of the critics). In common with many dealers, Nahum uses the fair to meet prospective clients; one new face popped into his gallery later and bought a Edward Bawden.

Another of the dealers in serious art, Gillian Jason, sold a William Roberts water-colour for £8,000, and a Ceri Richards for £5,000, as well as works by Roger Hilton and Terry Frost, while Julian Hartnoll did well by filling his stand with the work of Sine MacKinnon, now almost 90 and living in France but regaining some of her pre-war reputation.

Many of the prettier major paintings did find buyers. Jonathan Clark, showing at his first fair, was delighted to dispose of a Peploe still life for about £260,000, more than double the price he paid for it at auction earlier this year. But this Scottish Colourist is enjoying a belated revival and the Scottish Gallery (owned by Peploe's grandson) disposed of two smaller canvases by the artist for more than £30,000.

Since Peploe painted about 1,000 pictures, we can expect to see a flood of these pretty Matisse-like images to rise to the surface. All told, the Scottish Gallery disposed of more than a dozen works.

The fair attracted 5,000 visitors in its five days and more than 500 works of art were sold, with a value in excess of £1.5m. The hope is that some of the major galleries — the likes of Marlborough and Richard Green — will join in next year and boost the upper price range, although there should still be room for the likes of Abbott & Holder with their vast range of affordable paintings and drawings.

Antony Thorncroft

Collecting

A girl's best friend

DOCTOR JOHNSON, in his Dictionary, defined a ring as "a circular instrument placed upon the noses of hogs and the fingers of women to restrain them and bring them into subjections." It is reassuring to know that the doctor was susceptible to more tender sentiments: when his wife died, he kept her ring in a box inscribed "Eheu! Eliza Johnson. Nupta July 9, 1736. Mortua, eheu! Mar 17, 1752."

This is one of the curious facts to be gleaned from an (inevitably) small exhibition at Christie's, King Street, called "The Power of Love: Six Centuries of Diamond Betrothal Rings." The exhibition, which features 60 important diamond rings from the 15th century to the present, is open until October 14.

It was the Romans, apparently, who first adopted the ring (with its symbolism of the life cycle and of eternity) as a marriage pledge. They used a plain iron hoop for the purpose; gold came into use only in the 2nd century.

The Christians adopted the exchange of gold rings as the pledge of betrothal, although it was not to be universal. Right into modern times, French peasants often made do with a coin broken in two parts which were given to the prospective bride and groom.

In the 15th century the diamond, with its property of resisting both fire and steel, became (at least for the rich) the symbol of eternal fidelity. The exhibition has copies of a diamond marriage ring of the Sforza family; and one with a diamond-studded monogram "M," supposed to have been the betrothal gift of Maximilian of Austria to Mary of Burgundy in 1477.

These rings chronicle the evolution of diamond-cutting. In the earlier part of the 15th century, diamonds still were used in their natural uncut form of an octahedron — the shape formed by two equal pyramids joined at the base. In this form, they have none of the sparkle brought out by cutting, which is why early paintings show diamonds as dull black stones. The first and simplest style of cutting, at the end of the 15th century, was to smooth off one point: the tabletop cut.

The 16th century had remarkable faith in the virtues of diamonds. "The diamond giveth to a man that beareth it strength and virtue and . . . keepeth the bones and the members whole. It doeth away any wrath and lechery . . . it keepeth the seed of a man within the womb of his wife." Mary Tudor was not convinced and refused a diamond ring at her marriage to Philip II of Spain. "Maydens," she said, "were so married in olde tymes." No doubt she *did* not recollect that, at two years old, she had been betrothed (with diamonds) to the Dauphin of France.

The florid taste of the 17th century, with its passion for emblems, brought elaborate rings ornamented with flowers, flaming hearts, clasped hands and Cupids' arrows. However, the exhibition also includes some austerely elegant examples which could hardly have offended even the Puritans, who endeavoured to stamp out the entire custom of betrothal and wedding rings.

The discovery of diamonds in Brazil in the 18th century greatly increased the supply, enabling jewellers to experiment with more elaborate ways of cutting and polishing. In the view of their fair wearers, the mystical virtues once attributed to diamonds now became secondary to showing off their inner light and sparkle under the candlelight of balls and routs.

The Victorian age brought further riches of diamonds from Africa and a new, rich society eager to show off its wealth. The Empire gave to Victoria the Koh-i-Noor ("mountain of light") and to Edward VII the Cullinan, twice the size of any diamond yet found. (The exhibition catalogue recalls that the jeweller engaged to cut the Cullinan fainted in fright within a minute of starting the operation.)

The modern brilliant cut, giving 58 facets, was perfected; and as the stones themselves increased in their brilliance and fascination, the old elaborate settings gave way to rings designed simply to set off the stone. Using the strength of platinum, Tiffany devised the claw setting to give maximum prominence to the glittering diamond.

The exhibition catalogue cites Nancy Mitford: "The diamond is a stone possessed for the female mind, however unsophisticated, of curious psychological attributes." The film Gentlemen Prefer Blondes put it more simply: "Square-cut or pear-shape/Those rocks don't lose their shape/Diamonds are a girl's best friend."

Janet Marsh

ARTS

Armalite and the man

Michael Coveney reviews 'Carthaginians' at the Dublin Festival

THE DUBLIN Theatre Festival, the biggest ever in the year of the city's millennium, boasts a new work by Frank McGuinness in the Peacock auditorium of the Abbey that is an elegiac lament for the 13 mostly young men killed on Bloody Sunday in Derry in January 1972.

Their names are litanised at the end of *Carthaginians*, in which seven Derry citizens, inhabiting a graveyard, the ashes of their Troy, anticipate a new dawn of resurrection. Their lives and aspirations, mingled with the diversionary tactics of dirty stories, quiz games and sexual confession, form a cityscape of sorrow, anger and dejection over which Bloody Sunday has cast an ineradicable pall.

The talking dead are often with us in Frank McGuinness's plays. He is writing an unofficial Requiem for his countrymen, be they soldier marching towards destruction on the Somme, or dislocated bagladies by the Liffey. A recent monologue for a dead terrorist in Gibraltar summed up twin themes of transcendent yearning and passing grief.

This technique is expanded in *Carthaginians* on a larger, more fully orchestrated, scale. Stage autobiography is distilled at an intersecting point of private muttering and desperate communication.

A shell-shocked mother (Rosaleen Linehan) spreads the clothes of a dead daughter. A disenchanted teacher (Des McAleer) is building a pyramid of remembrance out of tin cans. The boiler-suited Greta (Fedelma Cullen) laments brothers she never had, is frozen by guilt at menstruation, and cannot look up to a mother so tidy she wallpapered the dustbin.

These poignant, melismatic incantations are also related to contrasting items on the community song sheet – football chants, "We shall overcome," Martin Luther King's "I have a dream" speech, ritual quiz games, the classroom gallop of "The Listeners." The sense of futility is most physically expressed by the smashing of a guitar wrapped in the Republican tricolour.

The Virgilian analogy in this song of Armalite and the man is embodied in the flouncingly impatient figure of Dido, queen of Derry (David Herlihy), a blond jester who rehearses his fellow corpses in a sardonically hilarious "Irish play," The Burning Balaclava. This features a Sacred Heart statue, stock political partisans, and a Cockney soldier. Some people are Catholic in bed, we learn, some are Protestant. Some even convert.

Sarah Pia Anderson's reverberatively eloquent production sustains the McGuinness metaphor of sexual predilection for political orientation. It also isolates the not so magnificent seven on a stark, sloping stage (designed by Wendy Shea and lit by Paul Denby) that underlines the timeless, Beckettian void of this reminiscent, half-life. The evening is one of hauntingly coherent beauty, and of sadness, and of a deep defiant joy.

*

Carthaginians plays at the Abbey for one more week, while McGuinness's new version of *Peer Gynt*, to be reviewed next week, has just opened at the Gate. Other highlights of this Dublin festival, the first to run for three weeks, include an adaptation at the Gaiety of work by Christopher Nolan; and, next week, the first full-scale visit to the Republic for over 20 years by the Royal Shakespeare Company with the new *Hamlet*, reviewed by Martin Hoyle below.

Touring ghosts, affairs and marriages

As the autumn provincial theatre season gets under way, our critics catch a rare Corneille in Cheltenham, a new Hamlet in Cardiff, and a black Figaro in Sheffield

CORNEILLE described his *L'Illusion comique* as "a strange monster," and indeed it is, especially by the standards of 1636. It was included by Michael Billington in his list of 20 unperformed great plays (though it was played in Paris only a few years ago), and it should never be unperformed again. It is now at the Everyman Theatre, Cheltenham.

This is what happens: Pridamant, a decent fatherly man, asks a magician, Alcandre, to help him find out the fortunes of his son Clindor, turned out of home for his indiscipline. Alcandre, with dressing-gown and cigarette à la Coward, displays him by his magic powers in what he calls a company of speaking ghosts. Clindor has taken service with Matamore, a grotesquely vainglorious captain, who is courting the beautiful Isabelle. Naturally Clindor also courts Isabelle, who sensibly prefers him – though this does not stop him having a slight affair with her maid Lyse. Moreover Isabelle has a steady friend, Adraste.

No need to follow the amatory diversions too closely. They lead to Matamore in flight from the armed servants of Isabelle's father Geronte, Adraste fatally wounded, and Clindor in gaol for stabbing him. But the gaoler is in love with Lyse, and she persuades him to arrange an escape. Clindor is led out of prison, believing that he is on the way to the scaffold, but instead, he finds Isabelle and Lyse, and off they all go.

This is not the kind of life that Pridamant had wanted to be shown; but Alcandre reassures him, lighting a fresh cigarette, and conjures up another, apparently irrelevant, scene. Isabelle, dressed as a princess, complains to Lyse that her husband Clindor is neglecting her for Rosine, wife of Prince Florilame. Florilame sends his man to kill Clindor and the scene ends unexpectedly in black tragedy.

While these affairs are in train, Pridamant and Alcandre linger behind the stage on which it all happens (though Alcandre doubles as Matamore). Pridamant is sadder than ever at what he has seen. Think nothing of it, Alcandre tells him, these were only actors. Your son has become rich by his theatrical talent.

The Actors Touring Company is an inventive, sensitive company who can always hit a fresh level of excellence. At last year's Cheltenham Literary Festival, they brought a *Faustus* played by three actors with a lot of unMarlovian dialogue. This year they use a decorous translation by John Cairncross that turns Corneille's hexameters into English pentameters magically reflecting the feelings of the French.

Matamore is a hilarious figure as Michael James-Reed plays him, with a feathered cap over his three-inch nose, a scarlet cloak fluttered to emphasise his ridiculous boasts. Altay Eralp, Kate Gartside and Anastasia Malinoff as Clindor, Isabelle and Lyse present that ideal genius that moulds them into contrasting factors of a level team.

Lez Brotherston's set consist of little but a plain flat upstage and a small, slightly raised stage on which Alcandre's talking ghosts play their parts. There is a lovely moment when, as Alcandre prepares to display his actors, a tray of lighted candles is brought on to the darkened stage and laid out, two at a time, until they represent a row of footlights. A simple projection on the backcloth, a sound of opera offstage, and we are in his theatre. The able direction is by Mark Brickman.

The Illusion may be seen in Chipping Norton on October 18/19, Hemel Hempstead, October 20/22, Newcastle-on-Tyne, October 26/29, and so on until the three-week season at the Lyric, Hammersmith starting on November 29. It would be foolish not to see it.

B.A. Young

Russell Enoch and Mark Rylance in "Hamlet"

THE RSC has hit the road with a handsome *Hamlet* that, thanks to Royal Insurance, can play the bigger provincial theatres. Antony McDonald's set is dominated by a floor that rises and tilts as battlements, ramp or bridge. The black night sky whisks away to reveal a lop-sided expressionist room with a slanted studio window and walls that can close in, nightmarishly oppressive, a world, like time, out of joint. Hence, a ghost in armour, Claudius in a padded-shouldered natty suit, and a Hamlet who spends much of the time in pyjamas.

Ron Daniels' production never recovers from a prosaic and underpowered opening scene. A ghost of all-too solid flesh flounces off at "It is offended," wimpish young actors winge in the RSC-approved suburban twang, and a Horatio, wooden, mechanical and lifeless, looks bored with the whole thing.

Mark Rylance's moody prince is an all-shrieking, all-screaming hysteric. No need to feign madness – he is much more than north by northwest already. As ever, this actor is thoughtful and intelligent, the rhythm and scansion of every word is scrupulously respected; but less exertion would have more effect.

Peter Wight's Chekhovian naturalism and gift for making each thought sound newminted make him an authoritative Claudius, though sometimes unsuitably colloquial.

A strong, moving Ophelia confirms that Sylvestra Le Touzel's range expands and deepens with every appearance. Desperate for paternal approval (Patrick Godfrey's high-powered bureaucrat of a Polonius, smooth young male secretary always in attendance, is a coldly unloving father), she hints at highly strung spinsterish repression – a performance acutely intelligent and touching.

After Cardiff, Dublin (already sold out, I gather), Bradford, Manchester, and Nottingham. November and December find Elsinor in Wolverhampton, Canterbury, Hull, Glasgow and Bath.

Martin Hoyle

THERE MUST be a good reason for a traveller to brave the hideous urban mess of Sheffield; the return to the British theatre of stormy petrel William Gaskill directing Beaumarchais's *The Marriage of Figaro* at the Crucible Theatre, only just qualifies. A clear, uncluttered production falls short on humour, contains no great acting, and makes at least one perverse miscalculation.

This is the placing of those crucial doors off the Countess' boudoir completely out of sight: down the steps and out of the auditorium. Never before has the entrance of the pert maid from one door, when the angry Count is banging at another, been greeted with no laughter. Some of the greatest comedy in European theatre falls flat. Such split-second visual comedy can be played in the round – Manchester's Royal Exchange has proved it. This provides an extraordinary blind spot in an otherwise decent, if unexceptional, performance.

Uneven pace and flagging rhythms make one long for the pulse of Mozart's music. Jim Findley gives Figaro a forced joviality and monotonous vocal delivery. He is not helped by Myriam Cyr's cutesy and superficial Suzanne, whose perfunctory winsomeness lacks warmth and insight. Oddly, the best comic playing comes from the one character whom the opera imbues with almost tragic weight: the Countess. Alison Fiske's ripely enunciated and wittily timed cello boom makes the neglected wife into a first cousin of one of Penelope Keith's grande dames. When the laughs come most consistently from the saddest figure in the play, something must be wrong.

Mr Gaskill's own translation is fluent, speedy, and tough – a shame his cast fails to point wisecracks, allusions, or the half-hearted politics quarried from Beaumarchais. Time and again, the dialogue provides a cue for the Mozartian theatrical magic that never materialises. "They say there's a song in the air – moonlight and love in the chestnut grove," the Countess dictates to her maid; and we ache for the letter duet. Peter Hayward has provided good, folksy tunes (sensibly, not a whiff of Mozart), and the finale's rhymed couplets plunge us into cheerful sexual politics, where Paul Whitworth's Count sounds like Rex Harrison. Otherwise, this unmenacing grand seigneur veers too close to the silly ass.

The disguised women make no attempt to conceal their faces when taking in the menfolk, thus making the whole thing considerably more artificial than opera. The mirthless, dutiful proceedings are played out against an elegantly skeletal metal work background designed by Liz da Costa, beautifully lit by Andy Phillips. At the risk of the usual batch of abusive letters, it must be pointed out that *Figaro* is needle-sharp in its social and sexual definitions. A black Figaro discovered to be the long-lost son of white parents smudges the issue; especially when other characters have already joked about his complexion.

Martin Hoyle

Cheltenham's literary life

LORD GOODMAN opened the Cheltenham Literary Festival last Sunday with a call for sponsorship and patronage of the arts, a Thatcherist approach if the Prime Minister ever showed any interest in the arts. He spoke kindly of both the Arts Council and the British Council, and regretted that appointments in arts administration seemed increasingly political. I agreed with every word he said, apart from his commendation of Galsworthy's plays. The Arts Council, he reported, thought this Festival "one of the most important festivals in the world."

The rest of that day was full of pleasures. Tim Pigott-Smith, star of television's *Jewel in the Crown*, gave a programme of readings about India devised by himself and Roger Pringle, with Zia Mohyeddin and Pamela Miles and the sitar-player Viram Jasani. The mutual affection of British and Indians during the imperial days was evident, even though he included the business of Dyer at Amritsar. Post-independence India has not yet built up a comparable literature, but we are beginning to learn about Indian music, and Viram Jasani's playing was an enjoyable example.

They were followed by John Watts's dramatic biography of Byron, a one-man performance in Byron's own words, which he did with romantic devotion and only a few props. I'd have liked his speaking of the verses more if he hadn't inserted a Macready pause into almost every line.

The obligatory homage to T.S.Eliot, a big production in which the poems were read by Eileen Atkins and Edward Fox, and sung, to the harp, by Neil Mackie and, with piano, by the English Chamber choir. Eileen Atkins's reading of *The Waste Land* was quite splendid. She sang the lines from *Tristan* with understanding of their operatic origin (whereas Edward Fox treated the "Weialala weia" of the Thames-daughters like a war-cry), and I've never heard the "Lil's husband" bit done so well. The choir gave us Stravinsky's "The dove descending" and some *Cats* settings that I would have preferred read. But a great evening, and the Everyman Theatre was packed.

Some good items later in the week. A.C.H.Smith, once of the Royal Shakespeare, gave a talk modestly called *Rewriting Shakespeare*, telling how he had sorted out the corrupt text of *Pericles* for a production in Atlanta, turning out the obviously unShakespearian, inserting lines from other editions, borrowing lines from other plays and even the sonnets, and excavating the "fossil verse" in George Wilkins's novel.

Trevor Griffiths and Terry Eagleton combined in what should have been an interesting debate on *The Politics of Writing* – left-wing politics, of course. I wasn't able to hear more than a little of what they said, and it was noticeably unrehearsed, but there was material there to think about.

They were followed by Harold Pinter, who read his play *One for the Road*, about the interrogation of an uncharged police prisoner in an unspecified totalitarian nation. We were warned that it might distress people, but sadly, in spite of its portrayal of deeply cruel and torturous behaviour, no one, in the question-session that followed the reading, admitted to distress. Mr Pinter acted as well as read; one of the audience who had played the part himself reckoned he underplayed, but for me there was only regret that I had never seen Mr Pinter when he was David Baron the actor.

As always at the beginning of the Festival, there were other items in some of the more attractive places in the area – Stanway, Bredon, Stanley Pontlarge, Sudeley Castle. *Consequences* by Foco Novo had to be cancelled and was replaced by films.

B.A. Young

Cliff rocks on

CLIFF RICHARD is now as much a national institution as the Queen Mother and Benny Hill and you would not expect to have your prejudices challenged as the 48 year wunderkind celebrates 30 years as a pop star with a sell out tour.

You settle into his routine as quickly and cosily as the rest of the audience, who look like the kind of people you would turn to in an emergency. It is an extraordinary mixture of the provocative and the anodyne. Cliff still sees himself as a rock performer and dishes out generous doses of his own hits of the 1960s – "Young Ones" – along with those of his American mentors – "Blue Suede Shoes" – not forgetting to gyrate and posture with dignified brio.

There is enough dry ice pumped on stage to camouflage an army, and the lighting engineers rake the musicians and the audience with every visual trick that delighted you in the glitzy 1970s. And, yes, he looks fantastic.

But somehow the cutting edge is missing. It is like being savaged by a toothless family pet. Everyone knows that Cliff is the nicest possible prospective son-in-law and that he will never do anything tasteless. His band, too, looks as if it is working for its wives and mortgages rather than for the groupies and the gin. For much of the time it is pleasant to relax in comatose nostalgia, singing along with the crowd on a "Summer Holiday," and smiling wryly as Cliff solos on "Bachelor Boy," commenting that when he recorded it in 1962 he never thought it it might be prophetic.

But near the end of the three-hour show a certain lassitude sets in. You welcome the odd spots of passion which are reserved for his Born Again Christianity and the forcefully performed "Thief in the Night." You settle for admiration of his good humour as he smiles sweetly at the procession of women who load him with more flowers than even Marlene attracted in her heyday. You hardly notice the music which has a nagging blandness, only occasionally lifted by a theatrically performed "Miss you nights," in which the stage crew go berserk with the special effects.

Cliff treats the audience with easy confidentiality, answering his critics on their behalf. So what if they are all middle aged; so is rock and roll. And that is the nub of the concert: the most raucous music in the world has been filleted down to Sing Something Simple. Mind you, as he approached his appropriate climax, his Christmas record, "Mistletoe and wine," there was some quite physical pushing and heaving from the ladies at the back, anxious for a last look at this Dorian Gray who made his pact with God. "See you in thirty years time" shouted Cliff on departure. Now that will be an experience.

Antony Thorncroft

Radio

Dip into the archives

RADIO 1 keeps bringing out novelties. Last Saturday they began two new series to celebrate their 21st birthday (the BBC loves its anniversaries). *21 Years of Radio 1* offered archive recordings of its first DJ team, half of them still available if you comb the frequencies, still sounding like overgrown teenagers.

The Beeb's *Lost Beatles* was more interesting, some Beatles songs recorded since March 1962, some of them never released elsewhere. The group didn't sound as good then as it did later; perhaps George Martin hadn't begun work on them. "Soldiers of love" was new to me, and "Dream baby," the lead sung by Paul McCartney (whom the BBC audition registered with a "no"). Pete Best was still the drummer, but I couldn't tell the difference. I liked "Thank you, girl" and "I'll be on my way" – but this programme was only the first of 14, so appreciating old songs can be everybody's weekend sport until Christmas.

For the more sophisticated, Radio 4 has started a new programme at 6.30 on Sundays called *Cat's Whiskers*, to woo the under-12s away from their televisions. It is compered by Richard Briers with 16-year-old Jenny Luckraft and a cat, which may play its part extempore, for it is nothing but purring. Jenny has a Liverpool accent, so that the almost inevitable complaint that it's all too Southern middle-class may be held in check.

It will only be held in check until we come to "The Castle of Adventure," by Enid Blyton, one of two mini-serials, the other being a Tintin story, more to my taste; but they are not trying to appeal to me. A mock broadcast by Robin Gunn from a desert island, which I thought had some good jokes did, all the same. Whether the under-12s will take to it is an interesting problem: 6.30 on Sunday evenings overlaps *Top 40* on Radio 1. Caroline Smith produces.

For the even more sophisticated, *Poppies*, by George Tarry, (Radio 4, Saturday) provided a picture of British politics after the next Labour government has been destabilised by a fascist revolution, "early in the next century." Our popular bobbies are now the next level of authority below the brutal Public Order Police in their shiny black uniforms. The government is run by generals, and the Army is still loyal enough to back them. Of the Monarchy we hear nothing.

Against this background we have a thick-ear drama in which a simple American vacuum-cleaner manufacturer (Peter Marinker) is the innocent victim of a CIA plot to smuggle a British agent into the US. Or perhaps it is not a CIA plot, perhaps the agent is just a common terrorist. Double allegiances are as common as handguns. The play would do better on television, I feel; car pursuits and unexpected entrances did not make the effect they should have in Vanessa Whitburn's production, which lost energy between the opening riot scenes and the people falling down a well 70 minutes later.

The new setting of Eliot's *Sweeney Agonistes* by David Byers (Radio 3, Sunday) cares neither for the rhythms nor the sense. It includes the two earlier Sweeney poems, written in a different style, now sung by Doris at the whoreshop. "Paint me a cavernous waste shore / Cast in the unstilled Cyclades" is hardly her usual kind of chat. There is a better setting by John Dankworth.

I cut *The Confidential Clerk* (Radio 4, Monday), not my favourite play, and bade au revoir to Eliot with Alec Guinness reading *Prufrock* and *The Waste Land* on Radio 4 on Tuesday, as musically and intelligently as you would expect. Next week we begin celebrating the centenary of Eugene O'Neill. Not all *his* plays, please.

Last week I ascribed the splendid facsimile edition of *The Waste Land* to the wrong publisher. It is, of course, like all Eliot, published by Faber and Faber.

B.A. Young

CHESS NO. 743

1 P-R7, K-R7; 2 P=R! K-R6; 3 R-R4, P-B4; 4 R-KB4 (if White had promoted to queen, this move would stalemate Black), K-R7; 5 R-R4 mate.

SPORT

Gloom and doom season

Jill James on prospects for British rugby in 1988

NOW THAT the BBC's *Rugby Special* is with us again, I suppose we might say the rugby season has begun. Actually, the season was well and truly under way more than a month ago but the Beeb, in line with its previous dismal coverage for viewers in England, has chosen to kick-off a month late.

If last week's BBC2 effort was a taste of what's in store, then we had all better get out our *Wales Crowning Glory* videos now. A feeble new signature tune, poor opening graphics and an interview with (of all people) Keith Floyd, a television cook, were definitely *not* what serious rugby watchers ordered.

Ho hum. What, then, does the coming season have in store? Quite a lot, as it happens. Australia are due to start their tour of England and Scotland on October 15 and will be hoping to finish where they left off against England this summer: on *top*. They open against London Division at Twickenham and play England on November 5 and Scotland on November 19.

On the strength of their performances Down Under against England this summer, the Wallabies would expect to win comfortably. But it won't be easy. England were not half as bad as they were painted. They squandered chances – but at least they created them to squander – and the 28-8 Second Test score flattered Australia.

The difference between the two sides in that match could be summed-up in two words: David Campese. An idiosyncratic player, the Australian wing's performance was match-winning. Since then, Australia have been well beaten by New Zealand – 7-32, 19-19 and 9-30.

Scotland, under new coach Ian McGeechan, will certainly want to play the same way they did in the World Cup – but with slightly better results. McGeechan has the right pedigree, but do his players? John Rutherford, John Beattie, Roy Laidlaw and Colin Deans are gone and the new men may not be able to make an impact for a season or two yet. But new caps have to start somewhere, and it might as well be at home to Australia as to anyone else . . .

. . . Anyone, that is, except the All Blacks. Wales know all about them, of course. But they have probably learnt as much from playing them as you learn about steamrollers when they are driven over you.

Well, it was 54-9 in the Second Test at Auckland's Eden Park and, yes, it could have been worse. Wayne Shelford, the All Black captain, implied the Welsh were soft. Who's going to argue?

There is a school of thought that says things can't get worse after the dreadful drubbings handed out by New Zealand in the summer. But the top Welsh clubs are already making sure that they can. They are virtually unanimous in their opposition to leagues in spite of seeing the uplifting changes these have wrought in England.

What, I wonder, does Welsh coach John (Buck) Ryan think of it all? Instilling confidence into the Welsh team must rank with Ulster Secretary as one of Britain's most unwanted tasks.

Wales face Western Samoa on November 12 and Romania on December 10. The Irish face the Samoans on October 29 and Romania in December. What with cups and leagues as well, top players face a very competitive season – maybe over-competitive.

Is there a case for their playing fewer games so they can preserve freshness and enthusiasm? This season might well provide further ammunition for those who believe rugby 1988-style is over-playing itself into mediocrity.

Australian scrum-half Nick Farr-Jones getting to grips with English opposition this summer as Michael Lynagh waits

Save golf from the yobs!

*An infuriated **Ben Wright** demands action to educate the villains who are making life a misery for their fellow-players*

HORROR STORIES abound about the lack of golfing facilities in Japan. Club memberships change hands there for millions of yen. Thousands of hackers play away, day and night, from multi-tiered driving ranges. Golf balls cost $5.25 (£3) each. And it is estimated that only about one-sixth of the country's golfing population will ever get to play on a course in their native land, so expensive is the game there. I am certain that such a sorry state of affairs will eventually arrive in Britain and Ireland and even in Western Europe, so fast is the game growing.

I was, however, amazed to discover that in such a vast continent as the US, the situation already is critical. The National Golf Foundation recently has come up with some startling figures. David Hueber, the foundation's president and chief executive officer, says the US needs 4,500 new courses between now and the turn of the century at the present rate of growth. That adds up to roughly 375 a year, or one a day for the next 12 years. Alas, foundation studies indicate that the present rate of growth, impressive by world standards, is closer to 120 new courses annually.

Hueber emphasises that the most pressing need is in the public sector, and his foundation recently has published two lists. The first covers "50 hot-spots for overall golf course development," which embraces the communities most in need of both public and private courses, and the second "25 hot-spots for public golf course development."

The figures suggest that people in the New York and Los Angeles-Long Beach areas have to get up in the middle of the night to stand in line to get a game. In New York, there are no fewer than 9,245 golfers for every 18 holes; in LA, the figure is 7,895:18.

Interestingly enough, six areas appear on both lists. El Paso, Texas – no wonder it was Lee Trevino's old stamping ground as a hustler – tops the public course shortage list with a tragic 17,760 golfers per 18 holes, and is also fourth on the overall list. Fayetteville, North Carolina, ranks second on the public list at 13,424:18 but is only 31st on the overall list. And so it goes on.

The folks in power in those areas are sitting on an apparent gold mine, because municipal golf facilities can be tremendous sources of income. However, either they haven't realised the public need or have chosen to ignore it.

There is a snag involved in all this worthy and diligent research. I would like to know who on earth is going to teach all the thousands of hackers who are flocking to the game how to behave on a golf course. I see the fundamentals of etiquette fast becoming forgotten. Of course, having become a part-owner of golf courses has brought home this reality all the more forcibly. With such a vested interest, allied to pride and possesion of such beautiful tracts of land, the ignorance or carelessness – or both – of my fellow-hackers is fast removing the pleasure from the game for me.

It is a sickening business constantly to be repairing fairway divots (many of them fresh-cut and of generous proportions), dozens of pitch-marks on every green, and areas where spiked shoes have mindlessly been dragged across putting surfaces. Why is it that I am always raking other golfers' footprints in bunkers as well as my own?

What really prompted this outburst was a comment from a green-keeper that he and his staff had, during the first eight months of this year, repaired major divots on all 18 greens, most of them near the flagstick. The green-keeper was not talking about teenage vandals, who recently have become one of the game's most frequently-recurring problems. These divots had been cut by supposedly-responsible adults able to afford sizeable green and cart fees. But I have been hearing for some years that club members often are the worst offenders.

A superintendent at one of America's most prestigious and exclusive clubs told me: "One expects this kind of behaviour at public courses, on which the blue-collar worker hacks his way around with not even a nodding acquaintance with rules or etiquette. But my staff and I are constantly repairing severe damage inflicted on both our courses by members and their guests, most of whom seem to have lunched well before playing."

As our own head green-keeper says, so rightly: "The trouble is that once this type of individual has paid his green and cart fees and loaded up his cooler with beer, he thinks he owns the place."

Alas, I have found this to be nothing but the whole truth in the US. It is this type of golfer who apes the professionals he watches on television – the ones who start their pre-shot routines only when fellow-competitors have gone through this rigmarole, instead of preparing themselves while other players are going about their business. (West German Bernhard Langer is perhaps the worst offender of all in this respect).

It doesn't matter that our villain might have a handicap of 20 or above. He has paid *his* money, so to hell with the rest of us. Is it surprising that golfers, like rush-hour traffic, slowly but surely grind to a halt? Unless you start a round at (or soon after) dawn, the pace of play becomes funereal at best, set as it is by the day's early starters.

So, what are we going to do about all these problems? In my humble opinion the Royal and Ancient, the US Golf Association and the professional golfers' associations on both sides of the Atlantic should be addressing their urgent attention to them to the exclusion of all else. But perhaps it is really the duty of all individual clubs, under supervision and guidance from the governing bodies, to institute an educational programme culminating in some form of "driving test" for all potential club members. This should be both oral and written, on the rules of the game and its etiquette.

When the would-be member passed both examinations, he would be required to play at least three rounds in the company of the club professional or one of his assistants to prove himself adept-enough physically to be let loose on a golf course by himself.

Both private and public courses would all be required to furnish a full-time ranger, or even two – preferably, retired military men – with the power to return a player's green fee and order him off the course for a serious rule or etiquette infraction. A first offender would not be allowed to play any course for a month; second offenders would be banned for three, and repeat offenders would be axed for a year. All golfers would have to carry an R & A or USGA-sanctioned "driver's licence." This would be issued every year, along with an updated handicap (adjusted every month) and any endorsements for infractions.

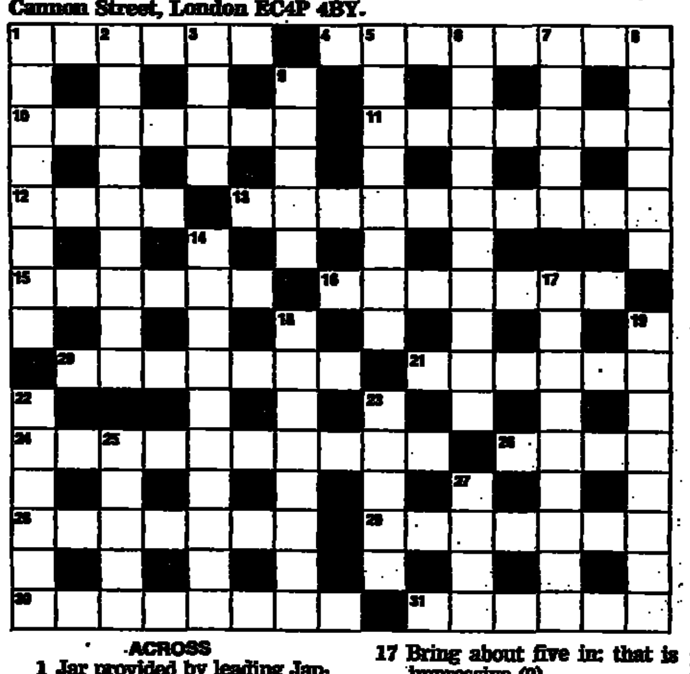
If this sounds positively Hitlerian, so be it. I am truly sorry for the green-keepers of the world. Too often, they are regarded as second-class citizens by just the kind of selfish members and their guests who are the objects of my withering scorn. These offenders may be in a minority, but they are doing their worst to ruin for the rest of us the best game ever devised. Let us educate these villains; and if they are not prepared to be taught, let us drive them out of golf.

Bernhard Langer reacts to missing a birdie putt

CROSSWORD

No. 6,754 Set by GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 19, marked Crossword 6,754 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY.



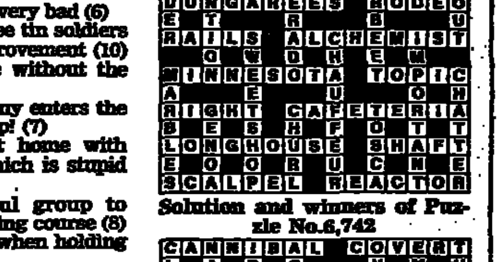
ACROSS

1 Jar provided by leading Japanese milk supplier (6)
4 Which washes out of locks? (8)
10 Pointer fixed between two poles showing limits (7)
11 Wight inhabitant beheaded for calumny (7)
12 Considerable time taken by DIY construction (4)
13 Get on to accounts about one method of advertising (10)
15 Is always slipping back round to alter something (6)
16 Invested in publicised races (7)
20 Doctors learn to get in by flattery (7)
21 Legal student, very bad (6)
24 Distributing free tin soldiers in it is an improvement (10)
26 Bill gets there without the port (4)
28 If ever old Penny enters the church, give up! (7)
29 Ian's round at home with sweetheart, which is stupid (7)
30 Most delightful group to come back during course (8)
31 Rejected prize when holding a show (6)

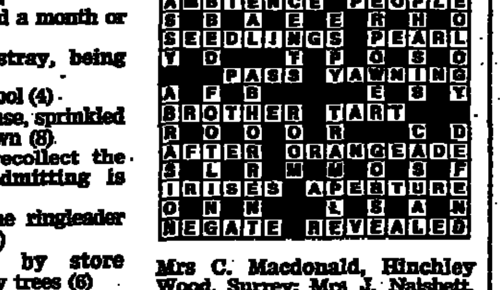
DOWN

1 Caretakers need a month or it's chaotic (8)
2 Lead diver astray, being reckless (9)
3 Line up for school (4)
5 Perfect salt to use, sprinkled round front lawn (8)
6 A bill I do recollect the accountant admitting is fiendish (10)
7 Nude model the ringleader is known by (5)
8 Fire started by store destroyed many trees (6)
9 Look round the street, when out of bed (5)
14 Harsh man trains cook first (10)
17 Bring about five in: that is impressive (9)
18 Same dresses, not so many without a join (8)
19 When unhappy students live in it's a bloomer (8)
22 Top Ford car overturned when there's a brawl (6)
23 A life man's about to tell tales (5)
25 Cross swords with a crooked dealer (5)
27 Drink we will take at home (4)

Solution to Puzzle No.6,753



Solution and winners of Puzzle No.6,741



Mrs C. Macdonald, Hinchley Wood, Surrey; Mrs J. Naisbett, Stockton-on-Tees, Cleveland; Mr M.J. Nolan, Penshurst, Kent; Mr H.A. Smith, St Albans, Herts; Rev E.N. Staines, Defford, Worcs.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

BBC2

LONDON

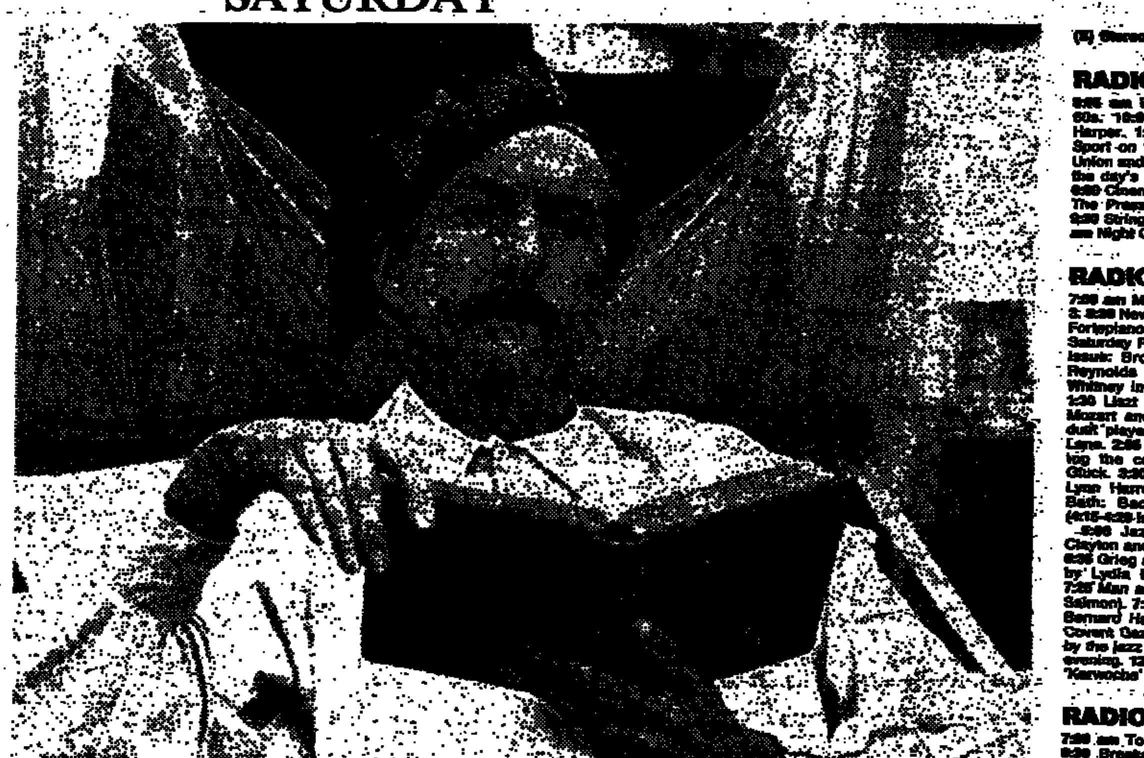
CHANNEL 4

S4C WALES

ANGLIA

CENTRAL

CHANNEL



Monty Python's Meaning of Life, Channel 4, 11.15pm

GRAMPIAN

SCOTTISH

TVS

ULSTER

YORKSHIRE

(R) Stereo on FM

RADIO 2

RADIO 3

RADIO 4

SUNDAY

†Indicates programme in black and white

BBC1

LONDON

BBC2

CHANNEL 4

S4C WALES

ANGLIA

CENTRAL

CHANNEL

GRAMPIAN

SCOTTISH

TVS

ULSTER

YORKSHIRE

(R) Stereo on FM

RADIO 2

RADIO 3

RADIO 4